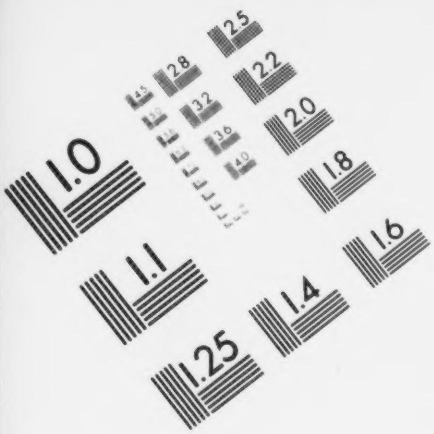
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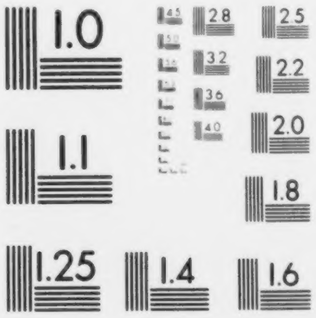
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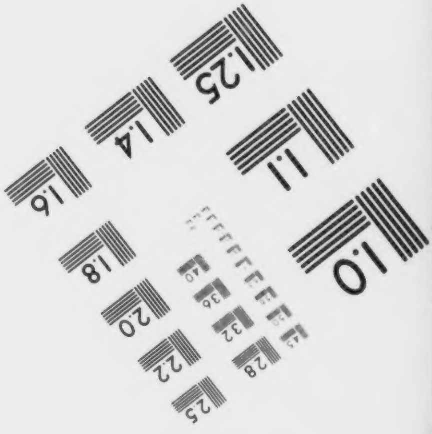
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ABSTRACT

This publication presents two hearings on how to establish and maintain a streamlined, top quality, and efficient system of work force preparation in the United States and the role of the federal government in developing such a system. Testimony consists of statements and prepared statements, letters, and supplemental materials from individuals representing the U.S. Conference of Mayors Employment and Training Council; Commissioner of Labor, State of New Jersey; Lieutenant Governor, Commonwealth of Massachusetts; Education and Employment Issues, U.S. General Accounting Office; Will-Burt Company, Orville, Ohio; California Business Roundtable; Harvard University, Employment and Training Administration, U.S. Department of Labor; Human Resources Development; Metropolitan Chamber of Commerce; U.S. Department of Education; and Pacific Telesis Group, San Francisco, California. (YLB)

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HEARINGS ON REFORM OF THE U.S. WORKFORCE PREPARATION SYSTEM

ED 405 477

HEARINGS

BEFORE THE

SUBCOMMITTEE ON
POSTSECONDARY EDUCATION, TRAINING, AND
LIFE-LONG LEARNING

OF THE

COMMITTEE ON ECONOMIC AND
EDUCATIONAL OPPORTUNITIES
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

HEARINGS HELD IN WASHINGTON, DC, FEBRUARY 6 AND 7, 1995

Serial No. 104–24

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REFORM OF THE U.S. WORKFORCE PREPARATION SYSTEM

MONDAY, FEBRUARY 6, 1995

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON POST-SECONDARY EDUCATION, TRAINING, AND LIFE-LONG LEARNING OF THE COMMITTEE ON ECONOMIC AND EDUCATIONAL OPPORTUNITIES, *Washington, DC.*

The subcommittee met, pursuant to call, at 1 p.m., Room 2175, Rayburn House Office Building, Hon. Buck McKeon, Chairman, presiding.

Members present: Representatives McKeon, Gunderson, McIntosh, Petri, Roukema, Riggs, Funderburk, Souder, Williams, and Roemer.

Staff present: Vic Klatt, Education Coordinator; Sally Lovejoy, Senior Education Policy Advisor; Mary Clagett, Professional Staff Member; and D'Arcy Philps, Professional Staff Member.

Chairman MCKEON. Good afternoon. I am sure our numbers will grow as we get through the day. The weather may have something to do with it, being Monday may have something to do with it, but we are trying to establish a pattern in this committee of starting on time.

As it is, we are a few minutes late, and I want to apologize for that. I want to welcome today's panel of witnesses to the first in a series of hearings that our subcommittee will be holding to look at a topic that is of critical importance to American workers, to U.S. employers, and to U.S. competitiveness in general. That is how do we establish and maintain a streamlined, top quality, and efficient system of work force preparation in our country. What would be the role of the Federal Government in developing such a system?

Participation in the global economy requires that we move toward the high performance work organizations built around highly trained workers, yet we currently have a serious skills mismatch in our country. Ensuring that job security for workers as well as U.S. competitiveness will increasingly depend on an effective and efficient system of work force preparation.

However, the United States currently does not possess such a comprehensive cohesive system. Many in Washington are questioning the Federal Government's role in development of such a system, particularly in light of budgetary concerns and inconsistent success in our current fragmented and duplicative job training programs.

We do know that we must streamline these programs at the Federal level, eliminating duplication and fragmentation where it exists, and transfer major decision-making authority and responsibility to States and local communities closer to the individuals and employers being served.

We also know that the private sector has a vitally important role in development of a system that will meet their skill requirements, but we continue to have many questions about what is working and what is not currently working in the job training area.

I look forward to hearing from each of our witnesses today as we begin this careful examination process. I know that your insight will prove most useful and helpful in this process.

I want to welcome Mr. Williams and ask you if you have a statement you would like to make.

Mr. WILLIAMS. Thank you. I have been unconvinced, including when I was chairman of the subcommittee with jurisdiction over this matter, that the current JTPA system works very well. I became convinced, in fact, that it doesn't work as well as what it replaced, CETA.

Although I admit to some bias in it because when former Senator Quayle was fathering JTPA, it was my thought that the policy of it, that is the structure of the legislation was going to develop job training policy, which I personally did not believe would work very well.

We had testimony to that effect before both the subcommittee in this room and the full committee, and perhaps we should have given more adherence to that. So I am for change. I have some concern that full block grants with little or no parameters is not the thing to do.

I have another concern that block grants are simply a way to reduce job training spending. One thing we have done, and I am pleased that we are continuing to do it in this Congress, is look toward consolidation. The President and Secretary Reich have provided significant leadership with regard to consolidation and have done a year and a half's worth of good work in trying to develop, as they now have, as of last year, consolidation legislation.

So building on that and considering what the States may be able to do if freed from some of the unnecessary restrictions that now hinder them, we may well be able to move to a system that is far better than the current JTPA system.

Thank you.

Chairman MCKEON. Thank you. Could we ask the witnesses to take your place here.

We will hear first this afternoon from Mr. Clarence Crawford, the Associate Director, Education and Employment Offices from the U.S. GAO. Then Mr. Jere Jacobs, Assistant Vice President, Pacific Telesis Group in San Francisco; then Mr. Harry Featherstone, Chairman of Will-Burt Company from Ohio; then Mr. Wayne Rowley, Director, Human Resources Development from the Metropolitan Tulsa Chamber of Commerce. Congressman Steve Largent asked me to give you his best. He was forced to go to Hawaii over the weekend to be inducted into the—I hear it is raining there—to be inducted into the Professional Football Hall of Fame, but he has said great things about you and wishes he could be here with us. If you believe that——

Then we will hear from Dr. Lawrence Katz, Professor of Economics from Harvard University. We have your statements as much as you want to go into those or as much as you want to highlight. We will be happy to hear from you now,.

Mr. Crawford.

STATEMENT OF CLARENCE CRAWFORD, ASSOCIATE DIRECTOR, EDUCATION AND EMPLOYMENT ISSUES, U.S. GENERAL ACCOUNTING OFFICE

Mr. CRAWFORD. Thank you, Mr. Chairman, and Members of the subcommittee. We are pleased to be here today to discuss our work on the many Federal employment training programs and the need to reshape these programs into a more efficient, customer-driven system.

In 1991 we found that there were 125 such programs and that number had increased to 154 in 1993, and we now must report that the number has grown to approximately 163. But after spending billions of dollars, we must say that most of the programs really don't know if they are helping people get jobs.

If you would turn your attention to our board on your right, you have a handout there as well, you will see the 15 agencies that administer employment training services and the 40 offices within those agencies. As you can see from the chart, we have a lot of people involved and very serious questions are raised about whether the system is wasting resources. For example, the Education, Labor, Health and Human Services, HUD and Agriculture Departments administer the nine programs that target the economically disadvantaged, spending over $3 billion a year.

Taking another slice at that, just looking at three programs, JOBS, JTPA, and the food stamp program, you see that they administer these services through a network of thousands of local offices. The exact amount that is spent on administration at the Federal and State and local levels is unknown.

Next, as we look at the current system, we find that the system confuses people. It confuses those in need of assistance, employers have reported that the program is slow to meet their needs, and administrators complain about the conflicting eligibility requirements and reporting cycles. For example, looking again at those nine programs that serve the economically disadvantaged, there are three different reporting cycles.

Some programs are on a Federal fiscal year, October 1, others are on September 1, and then a third group would be July 1, which makes coordination among those programs rather difficult.

Finally, the current system may not be helping people find jobs. Over 40 percent of the programs couldn't accurately tell how many people were being served, and that includes the JOBS program at $1.3 billion a year. Less than half of the programs really knew whether people got jobs.

That is important because that gives you almost immediate feedback on whether or not you are actually training people for the right occupations and whether or not the skills that people walk out of the programs with actually meet the needs of employers.

Mr. Chairman, we recognize that creating a new system will not be easy. As you turn your attention to the board on your left, the final board, we have been looking at this issue and we have been talking to a number of experts, and we have tried to distill the advice that experts have given us in terms of how you would restructure the program into four pieces.

The first one is that the system needs to be easy to access. There are a couple of pieces there. We think that we should reduce the number of programs and that with those remaining programs we should have clearer points of entry.

Some of the programs don't even have clear titles, it would be hard to even find in a phone book if you were an out of work person. Second, we feel that there should be more efficient use of resources. To the extent that we can eliminate the conflicting requirements, eliminate the redundant Federal bureaucracies, and encourage State and local officials to do likewise, what you will see in many of the States is over time they have created structures that look very much like the Federal programs to administer these programs, so that will need to change as well.

Third, there should be a wide variety of services. We think you should be looking at the needs of the individuals and not just the programs. Some programs specialize, if you go to that program, you are more likely going to receive on-the-job training, if you go to another program, you will more likely receive classroom training.

We think that there should be real partnerships with employers. If the goal is that you actually train people for private sector jobs, it is only logical that there be private sector involvement.

The fourth major element is going to be a real difficult one, and that is the accountability issue. The Congress as it works through this will have to strike the balance between accountability for results and yet at the same time affording enough flexibility at the State and local level to allow them to tailor programs to meet their needs.

There needs to be a strategy to look at evaluating the effectiveness of programs just to make sure so that you will know whether—even though a program may report that it is placing 70 percent of its people, what are the results of people who don't take part in the program? If people who don't take part in the program also get 70 percent placement rates, you begin to wonder the value of the Federal dollar.

Also included there is a need to have clearly defined goals and performance standards. I think that is going to be key as you work through the overhaul.

Mr. Chairman, this concludes my oral statement. I would be happy to answer any questions that you or other Members of the subcommittee may have.

Thank you.

Chairman MCKEON. Thank you very much. I think we will just go right down the line. When you are all finished, then we will open it up for questions.

[The prepared statement of Clarence Crawford follows:]

United States General Accounting Office

GAO

Testimony

**Before the Subcommittee on Postsecondary Education,
Training and Lifelong Learning
Committee on Economic and Educational Opportunities
House of Representatives**

**For Release on Delivery
Expected at 1:00 p.m.
Monday, February 6, 1995**

MULTIPLE EMPLOYMENT TRAINING PROGRAMS

Major Overhaul Needed to Create a More Efficient, Customer-Driven System

**Statement of Clarence C. Crawford, Associate Director
Education and Employment Issues
Health, Education, and Human Services Division**

SUMMARY OF TESTIMONY BY CLARENCE C. CRAWFORD
MULTIPLE EMPLOYMENT TRAINING PROGRAMS: MAJOR OVERHAUL NEEDED TO CREATE A MORE EFFICIENT, CUSTOMER-DRIVEN SYSTEM

For more than 50 years, the federal government has invested considerable effort and resources to help people find productive employment. The result today is 163 federal programs scattered across 15 federal agencies providing employment training assistance. Despite spending billions of dollars each year, most federal agencies do not know if their programs are really helping people find jobs.

THE CURRENT "SYSTEM" WASTES RESOURCES AND CONFUSES AND FRUSTRATES CLIENTS, EMPLOYERS, AND ADMINISTRATORS

Collectively, the current system for providing employment training assistance suffers from a variety of problems that arise from a multitude of narrowly focused programs that often compete for clients and funds. While these programs frequently target the same clients, share the same goals, and provide similar services, agencies maintain separate administrative structures that devote staff and other resources, often at both headquarters and regional locations, to administer, monitor, and review program implementation. This extensive overlap raises questions about the system's efficiency. In addition, the patchwork of programs confuses those seeking assistance and frustrates employers and administrators. People have difficulty knowing where to begin to look for assistance because the system lacks clear entry points and clear paths from one program to another.

MOST AGENCIES DO NOT KNOW IF THEIR PROGRAMS ARE WORKING EFFECTIVELY

Most agencies lack the basic information needed to manage their programs or measure their performance. Many programs cannot tell us how many people they served or whether people obtained jobs. Even when participant outcome data are gathered, only a handful of programs know whether participants would likely have achieved the same outcomes without the program. For those programs that have been studied using a comparison of participant and nonparticipant outcomes, the results have not been encouraging. Gains have been modest at best.

CREATING A MORE EFFICIENT, CUSTOMER-DRIVEN SYSTEM

We are convinced that a major overhaul and consolidation of programs is needed to create an effective and efficient employment training system that (1) provides easy access to services; (2) encourages the efficient use of resources; (3) offers a wide variety of employment training services; and (4) holds program administrators accountable for results, while allowing states and local agencies the flexibility to determine how best to meet the needs of their communities.

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Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss our work concerning the many federal programs that provide employment training assistance[1] and the need to reshape the fragmented array of programs into a more efficient, customer-driven system.

As you know, in 1991, we identified 125 separate federal programs or funding streams that provide employment training assistance to adults and out-of-school youths. In 1993, we found that the number of programs providing employment training assistance had increased to at least 154. Despite much discussion about the need to reduce the number of programs, our review of 1995 appropriations and major legislation enacted in the last Congress identified at least 163 programs administered by 15 different agencies that provide about $20 billion in employment training assistance for adults and out-of-school youths.[2]

Our testimony today will discuss the many problems with the current fragmented "system" of federal employment training assistance. Individually, many programs have admirable goals, however, collectively, they add unnecessary administrative costs and confuse and frustrate clients, employers, and administrators. These problems have raised concerns about the efficiency of the current system. Additionally, many agencies do not know whether their programs actually help people get jobs. Thus, the effectiveness of these programs is also in question.

These findings convince us that a major overhaul and consolidation of programs is needed to create a more efficient, customer-driven system that (1) provides clients and employers easy access to services; (2) encourages the efficient use of resources and simplifies program implementation; (3) offers a variety of employment training services to meet individual needs; and (4) holds program administrators accountable for results, but allows states and local agencies the flexibility to determine how best to meet their community needs.

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[1] See appendix I for a list of related GAO products.

[2] As used in this statement, "employment training programs" refers to programs or funding streams that (1) help the unemployed find jobs, (2) create job opportunities, and (3) enhance the skills of participants to increase their employability. For a list of programs and funding streams and their 1995 appropriation, see appendix II. The dollars shown for each program are those appropriated in fiscal year 1995 for adults and out-of-school youths. It should be noted that several recently enacted programs were not funded in fiscal year 1995.

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NUMEROUS AGENCIES ADMINISTER THE CURRENT FRAGMENTED "SYSTEM" OF FEDERAL EMPLOYMENT TRAINING PROGRAMS

For more than 50 years, the federal government has invested considerable effort and resources to help people find productive employment. Numerous programs have been created to (1) facilitate the transition of youths from school to work, (2) help individuals overcome barriers that hamper their ability to compete for jobs, and (3) assist dislocated workers in reentering the work force.

The result today is 163 federal programs scattered across 15 federal agencies providing employment training assistance. While the Departments of Education and Labor administer the most programs--61 and 37 programs, respectively--the remaining 65 programs reside in departments not generally expected to provide employment training assistance. This has been particularly true as many new programs have emerged in recent years under the jurisdiction of the Departments of Defense, Housing and Urban Development (HUD), and Justice. (See app. III for a chart showing the federal departments and agencies providing employment training assistance.)

Despite the many federal agencies administering employment training programs, these programs frequently target the same client populations. For example, youth are specifically targeted by the largest number of programs (19); other target groups, such as veterans, Native Americans, the economically disadvantaged, and dislocated workers, are also targeted by several programs. (See app. IV for a list of target populations.)

In addition to serving the same client populations, many of these programs share common goals and provide similar services. For example, all nine programs that specifically target the economically disadvantaged have the goal of enhancing clients' participation in the work force, and six programs--the Labor Department's three Job Training Partnership Act (JTPA) programs, the Department of Health and Human Service's (HHS) Job Opportunities and Basic Skills (JOBS), the Department of Agriculture's Food Stamp Employment and Training (E&T), and HUD's Family Self-Sufficiency--specifically mention reducing welfare dependency as a primary goal.

Thus, it is not surprising that these programs also serve many of the same clients. For example, in a prior report we found that, among programs that target the economically disadvantaged, some clients receive services from more than one program at the same time.[3] While title IV-A of the Social Security Act requires state agencies to provide child care mandated by the Family Support Act for JOBS participants, it also provides an estimated $86.1 million in additional child care funding for recipients of Aid to Families with Dependent Children (AFDC) while receiving other services, such as training or educational assistance from other programs including JTPA or the Vocational Education Basic State program. Similarly, clients enrolled in the Food Stamp E&T program receive their vocational training from JTPA or the Vocational Education Basic State program.

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[3] Multiple Employment Training Programs: Overlap Among Programs Raises Questions About Efficiency (GAO/HEHS-94-193, July 11, 1994).

Many of the employment training programs we identified also provide the same categories of services through parallel but separate structures. For example, the 9 employment training programs that target the economically disadvantaged offer 27 different categories of services in 5 basic areas: (1) career counseling and skills assessment, (2) remedial education, (3) vocational skills training, (4) placement assistance, and (5) support services. The JTPA title II-A programs offer 24 of those services. The JOBS program provides 17 of the same services as JTPA, and the Food Stamp E&T program overlaps with JTPA on 18 services. These three programs account for about 72 percent of the funding specifically targeted to the economically disadvantaged population.

To deliver these services, the federal government has created a patchwork of parallel administrative structures and service delivery mechanisms. Within the 15 departments and agencies, 40 interdepartmental offices channel funds to state and local program administrators. Each office provides staff and incurs costs, often at both headquarters and regional locations, to plan and monitor the implementation of its programs.

At the state and local levels, similar, often parallel program structures administer the delivery of services to similar target groups. For example, the JTPA program funds about 630 service delivery areas (SDA) to administer local service delivery. Concurrently, the JOBS and Food Stamp E&T programs both fund numerous offices, frequently using the network of over 3,000 state- or county-run welfare offices to administer the delivery of program services. In other instances, the 2,000 Employment Service offices are used to provide JTPA or JOBS services.

CURRENT SYSTEM WASTES RESOURCES AND CONFUSES AND FRUSTRATES CLIENTS, EMPLOYERS, AND ADMINISTRATORS

Despite the efforts of the people providing services to meet what are admirable goals, the fragmented system suffers from a variety of problems that arise from a multitude of narrowly focused programs delivered by agencies that often compete for clients and funds. Collectively, this conglomeration of programs adds unnecessary administrative costs and confuses and frustrates clients, employers, and administrators.

Overlap Among Programs Adds Unnecessary Administrative Costs and Raises Questions About Efficiency

The amount of money spent administering employment training programs cannot be readily quantified. Estimates of administrative costs range from as low as 7 percent for some programs to as high as 15 or 20 percent for others. For example, the JTPA program limits administrative costs at the local level to 20 percent. At the federal level, most agencies cannot adequately track their administrative costs by program.[4] However, given the many federal, state, and local agencies involved in administering these programs, we believe the administrative costs are substantial.

To illustrate the problem, last year we looked at 38 federally funded programs that specifically targeted either the economically disadvantaged, dislocated workers, older workers, or youth.[5] We found that despite often sharing common goals, serving comparable clients, providing similar services, and, in some instances, being so intertwined that some clients receive services from more than one program at the same time,[6] each program maintains separate administrative structures.

The extensive overlap among these programs raises questions about the efficiency of having individual administrative structures for each program. Both the National Commission for Employment Policy[7] and the Welfare Simplification and Coordination Advisory Committee[8] agree that programs serving the economically disadvantaged could realize substantial savings if they did not operate independently and support separate administrative structures. The Welfare Simplification Committee report concluded,

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[4] Budget Issues: Assessing Executive Order 12837 on Reducing Administrative Expenses (GAO/AIMD-94-15, Nov. 17, 1993).

[5] GAO/HEHS-94-193, July 11, 1994.

[6] For example, we found that a 30-year-old mother on AFDC enrolled in the JOBS program could be provided an initial assessment and orientation by the JOBS program while being referred to JTPA for education and training. While enrolled in JTPA training, she could also receive AFDC (IV-A) child care funds. JOBS and JTPA: Tracking Spending, Outcomes, and Program Performance (GAO/HEHS-94-177, July 15, 1994), p.6.

[7] Coordinating Federal Assistance Programs for the Economically Disadvantaged: Recommendations and Background Materials, National Commission for Employment Policy (Washington, D.C.: 1991).

[8] Time for a Change: Remaking the Nation's Welfare System, Report of the Welfare Simplification and Coordination Advisory Committee (Washington, D.C.: 1993).

"Eliminating duplicate bureaucracies will reduce administrative costs, saving money that can be used, instead, for client services."

Eliminating separate staffs to administer, monitor, and evaluate programs at the state and local levels could also save resources. Some state and local areas have attempted to rationalize the array of federal programs and funding streams. For example, in the state of Washington, the human services department contracts with the state's employment service department for the administration of its Food Stamp E&T program. At the local level, Washington's human service agencies refer Food Stamp clients to the state's Employment Service offices for employment training assistance.

Fragmented System Confuses and Frustrates Clients, Employers, and Administrators

The current patchwork of employment training programs confuses those seeking assistance because it has no clear entry points and no clear path from one program to another. Organizations that provide federal employment training assistance range from publicly supported institutions of higher education to local education agencies and from nonprofit community-based organizations to private-for-profit corporations. Not surprisingly, people have difficulty knowing where to begin to look for assistance. As a result, they may go to the wrong agency, or worse, give up altogether.

Employers also experience problems with the multitude of employment training programs. Employers want a system that is easy to access and provides qualified job candidates. Instead, employers must cope with solicitations from over 50 programs that provide job referral and placement assistance, each looking for positions for their clients. A survey of employers in the state of Washington showed that 60 percent said they had difficulty finding qualified workers, and 31 percent said employment training programs were too slow in responding to their need for qualified workers.[3]

All too often, there is no clear linkage between economic development activities and employment training programs to help employers meet their labor needs. Developing a skilled worker is a hollow success if no job opportunities exist when the worker completes training. We found more than 30 federal programs that offer economic development activities to help create full-time permanent jobs for the unemployed and the under-employed, primarily in economically distressed areas. However, the National Governors

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[3] The Investment in Human Capital Study, State of Washington Office of Financial Management (Dec. 1990).

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Association found that less than one in four states administered major economic development and job training programs through the same state-level agency. It also found that only one in three states jointly planned program policies and activities for the related programs.

Increasingly, program administrators are under orders to coordinate activities and share resources to ensure that program participants get needed services. Despite decades of attempts to better coordinate employment training programs, program administrators continue to face conflicting program requirements. For example, our analysis of nine programs that target the economically disadvantaged identified six different standards for defining "low income," five different definitions for family or household, and five definitions of what is included in income when determining eligibility for services.[10]

Another problem facing administrators attempting to coordinate programs is differences in program operating cycles for planning, funding, and reporting activities. We found that even programs targeting the same populations, such as older workers, dislocated workers, the economically disadvantaged, and youth, often operate on different annual cycles, which hampers the ability of program administrators to jointly plan and coordinate assistance. For example, the nine programs that target the economically disadvantaged have three different operating cycles. The JOBS program, the Food Stamp E&T program, and the Family Self-Sufficiency program operating cycles start on October 1. The three JTPA II-A programs and the Vocational Education Basic State programs operating cycles start on July 1. And the Educational Opportunity Centers' and Student Literacy Corps programs' operating cycles start September 1. (See app. V.)

These differences make it difficult for administrators, attempting to coordinate their programs, to match available funding with estimates of the number of those seeking assistance. To accomplish joint planning, agencies must resort to setting low estimates of the number of clients from other programs they can serve, committing only resources they know will be available, or making commitments contingent on expected funding. Unfortunately, these methods can result in the underutilization of available resources or crisis planning when resources finally are available.

Special arrangements to coordinate services among overlapping programs may be more efficient than operating programs separately or in competition with one another. However, such arrangements can actually increase the overall costs of operating these programs.

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[10] Multiple Employment Training Programs: Conflicting Requirements Hamper Delivery of Services (GAO/HEHS-94-78, Jan. 28, 1994).

For example, we identified 14 separate federal committees or councils with responsibilities for interprogram coordination. Many of these councils operate with their own staffs and expense accounts. However, a recent survey of state officials found that less than half thought that such efforts actually improved coordination.[11]

The federal government also uses set-aside programs and demonstration projects to look for ways to enhance coordination among programs. For example, to determine whether the JTPA, JOBS, and Food Stamp E&T programs can be better integrated, the federal government is sponsoring a 4-year demonstration project, costing up to $3 million, to test the feasibility and cost of greater coordination and consistency between these programs. In addition, the JTPA State Education Coordination and Grants program--with $84 million in funding appropriated for fiscal year 1995--was designed, in part, to ". . . facilitate coordination of education and training services." However, a study by the National Commission for Employment Policy reported that the track record of such set-asides in improving coordination has been mixed.[12]

MOST AGENCIES DO NOT KNOW IF THEIR PROGRAMS ARE WORKING EFFECTIVELY

Despite spending billions of dollars each year on employment training assistance, most agencies do not know if their programs are really helping people find jobs. From the study that you requested last year[13] and the subsequent review of program data obtained by this Committee last summer,[14] a common theme has emerged--most agencies lack very basic information needed to manage their programs.

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[11] Edward T. Jennings, Jr., "Building Bridges in the Intergovernmental Arena: Coordinating Employment and Training Programs in the American States," Public Administration Review, Vol. 54, No. 11 (1994).

[12] Coordinating Federal Assistance Programs for the Economically Disadvantaged: Recommendations and Background Materials, National Commission for Employment Policy (Washington, D.C.: 1991).

[13] Multiple Employment Training Programs: Most Federal Agencies Do Not Know If Their Programs Are Working Effectively (GAO/HEHS-94-88, Mar. 2, 1994).

[14] Multiple Employment Training Programs: Basic Program Data Often Missing (GAO/T-HEHS-94-239, Sept. 28, 1994).

We found that almost 40 percent of the programs could not accurately tell us how many people were served each year. And a number of programs provided data that were estimates, were not current, or were incomplete. For example, the JOBS program, which spends $1.3 billion annually, does not collect data on the number of people served each year but relies on monthly participation estimates. However, findings from our 1993 report on the JOBS programs showed that, because of inaccuracies in these participation estimates, state-reported data could not be used to assess state efforts to serve AFDC recipients.

Programs also lack outcome data. Less than 50 percent of the programs collected data on whether or not participants obtained jobs after they received services. Only 26 percent collected data on wages earned. We found that large programs with annual budgets over $100 million were no more likely to have collected data on participant outcomes than smaller programs with budgets under $50 million. For example, neither the Food Stamp E&T program nor the NAFTA Trade Adjustment Assistance program collect placement data on their participants. Without this information, programs will have difficulty knowing if they are training participants for real job opportunities and whether participants have the skills employers need.

We also found that two-thirds of the programs do not link outcome data to services provided or participant characteristics. By linking demographic characteristics of participants to training provided and job outcomes, program administrators should know whether their programs are more successful for some participants (for example, men) than others (for example, women). Officials can also determine whether there are disparities in who receives what type of training, such as giving training to women in lower paying occupations than men.

Only a relative handful of programs know whether participants would likely have achieved the same job placement outcomes without the program. In our review of 62 programs, program administrators only identified 7 programs that had been studied, during the 10-year period ending December 1993, using a comparison of participant outcomes with the outcomes of similar nonparticipants.

For programs that were studied using a comparison of participant and nonparticipant outcomes, the results have not been encouraging. Gains have been modest at best, as shown in the following examples:

-- A study by Abt Associates, Inc., raised questions about the effectiveness of JTPA.[15] The study showed that while comparisons between program participants--adult women and men--had generally positive effects on earnings and employment compared with their counterparts in the control group, the JTPA program had little or no effect on female youths who participated, and male youths participating in JTPA had lower earnings than their counterparts in the control group.

-- A study of the Food Stamp E&T program[16] concluded that the program was not meeting its intended objectives of increasing participants' employment and earnings and decreasing their dependence on public assistance. The study found that program participation had no discernable effect on the participants' aggregate earnings, probability of finding work, amount of time worked, or average wages.

-- A 1993 evaluation of the Trade Adjustment Assistance (TAA) program by Mathematica Policy Research, Inc.,[17] found that participating in training did not have a significant impact on the estimated employment and earning differences between TAA trainees and other Trade Readjustment Allowances (TRA) recipients, nor did the training have a substantial positive effect on employment and earnings when compared with persons from manufacturing industries who did not receive TRA.

CREATING A MORE EFFICIENT, CUSTOMER-DRIVEN SYSTEM

As the Congress addresses the problems in the nation's employment training system, our work, as well as that of numerous researchers, suggests several ways to facilitate the creation of a more efficient, customer-driven system. These guideposts can provide a framework for designing the new system's structure.

First, the system must be streamlined by reducing the number of programs. The remaining programs need to be easily accessible by all who seek assistance, including clients seeking jobs and employers seeking workers. The system needs clear points of entry and clearer pathways between programs.

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[15] National JTPA Study: Title II-A Impacts on Earnings and Employment at 18 Months, Abt Associates, Inc. (Jan. 1993).

[16] Evaluation of the Food Stamp Program, Abt Associates, Inc. (June 1990).

[17] International Trade and Worker Dislocation: Evaluation of the Trade Adjustment Assistance Programs, Mathematica Policy Research, Inc. (Apr. 1993).

Second, the system's structure should simplify program implementation by eliminating conflicting requirements and administrative procedures. The system should also encourage the efficient use of resources by eliminating redundant federal bureaucracies and encouraging efficient resource management at the state and local levels.

Third, the new system should provide a wide array of employment training services to meet the varied needs of those seeking assistance. A "one-size-fits-all" approach does not work. Services should include independent career counseling and skill assessments, basic skills and occupational training, support services, and job placement assistance. In addition, service delivery strategies must be developed in partnership with employers so that training adequately prepares workers to meet employers' skill needs.

Last but not least is the need to hold program administrators accountable for results while allowing states and local agencies the flexibility to determine how best to meet the needs of their communities. This would require the development of a data collection system that could track participants across program lines and track program performance across states. It also would require the development of practical strategies for evaluating the system's effectiveness. Clearly defined goals and performance standards are the cornerstones of such a strategy.

CONCLUSIONS

In our view, the need for an effective and efficient employment training system has never been greater. However, the current "system" of federal employment training programs is fraught with so many problems it is difficult to know what has been accomplished. Clearly, though, the current conglomeration of narrowly focused programs incurs unnecessary administrative costs and confuses and frustrates workers, employers, and administrators. And despite spending billions of dollars each year on employment training assistance, most agencies do not know whether their programs are really helping people find jobs.

We remain convinced that a major overhaul and significant consolidation of the existing 163 programs is needed to create a more efficient, customer-driven system that (1) provides easy access to services; (2) encourages the efficient use of resources; (3) offers a variety of employment training services; and (4) holds program administrators accountable for results, but allows state and local agencies the flexibility to determine how best to meet their community needs.

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Mr. Chairman, that concludes my prepared statement. At this time I will be happy to answer any questions you or other members of the Subcommittee may have.

For more information on this testimony, please call Robert T. Rogers, Assistant Director, at (313) 256-8011 or Barbara Moroski-Browne, Senior Evaluator, at (313) 256-8147.

RELATED GAO PRODUCTS

Multiple Employment Training Programs: Basic Program Data Often Missing (GAO/T-HEHS-94-239, Sept. 28, 1994).

The federal government has invested considerable effort in helping people transition into the work force. To get the most from this investment, administrators need to know how well these programs are working. However, agencies lack the information needed to adequately track who is served or determine program results. Most agencies do not collect information on participant outcomes nor do they conduct studies of program effectiveness or impact. Therefore, it is difficult to assess whether their programs are providing assistance that helps participants get jobs or whether the participants would likely have found the same types of jobs without federal assistance. Further, GAO also found that agencies often lacked such basic data as the number of participants served or their demographic characteristics.

Multiple Employment Training Programs: How Legislative Proposals Address Concerns (GAO/T-HEHS-94-221, Aug. 4, 1994).

More than 150 federal programs provide employment training assistance to adults and out-of-school youth. During the past year, Members of Congress introduced 13 bills to restructure parts of the federal employment training system. This testimony describes some of the more significant aspects of those proposals.

Multiple Employment Training Programs: Overlap Among Programs Raises Questions About Efficiency (GAO/HEHS-94-193, July 11, 1994).

GAO found that many existing federal employment training programs targeting the economically disadvantaged, dislocated workers, older workers, and youth overlap considerably in their goals, clients, services, and service delivery mechanisms. These redundancies foster inefficiencies and make it hard to determine the effectiveness of specific programs or the system as a whole. This report identifies the extent of similarity among programs serving the economically disadvantaged, dislocated workers, older workers, and youth.

Multiple Employment Training Programs: Conflicting Requirements Underscore Need for Change (GAO/T-HEHS-94-120, Mar. 10, 1994).

Conflicting eligibility requirements and differences in annual operating cycles are hampering the ability of the programs to provide participants needed services. Six different standards for defining "low income," five definitions of family or household, and five definitions of what is included in income make determining who is "economically disadvantaged" a complex process. Similarly, differences in age criteria for older worker and youth programs turn coordination into a "jigsaw puzzle."

Multiple Employment Training Programs: Major Overhaul Is Needed (GAO\T-HEHS-94-109, Mar. 3, 1994).

At least 154 programs run by 14 federal agencies provide employment training assistance. Although well intended, these programs, when taken collectively, tend to confuse and frustrate their clients and administrators, hamper the delivery of services to those in need, and potentially duplicate efforts and run up unnecessary costs. In addition, some programs lack basic training and monitoring systems needed to ensure efficient and effective service. A major structural overhaul of employment training programs is needed. The goal should be a customer-driven employment system guided by four principles: simplicity, tailored services, administrative efficiency, and accountability.

Multiple Employment Training Programs: Most Federal Agencies Do Not Know If Their Programs Are Working Effectively (GAO/HEHS-94-88, Mar. 2, 1994).

Federal agencies closely monitor their expenditure of billions of dollars for employment training assistance for the economically disadvantaged. However, most agencies do not collect information on participant outcomes, nor do they conduct studies of program effectiveness. For about half the programs in our analysis, agencies did not collect data on what happened to program participants after they completed a particular program (i.e., whether they obtained jobs or what wages they earned). Only about a third of the training programs in our analysis used oversight and monitoring to assess participant outcomes. Only a handful of federal agencies responsible for these programs have conducted studies that measure program effectiveness or impact--whether programs really helped participants find a job, or would they have found similar jobs without federal assistance.

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Multiple Employment Training Programs: Overlapping Programs Can Add Unnecessary Administrative Costs (GAO/HEHS-94-80, Jan. 28, 1994).

In the current fragmented system of federal job training programs, many programs are targeting the same populations. This overlap in client groups raises questions about duplicated effort and wasted government resources. GAO's analysis of nine programs that target the economically disadvantaged showed that the programs had similar goals, often served the same kinds of people, and provided many of the same services using separate, yet parallel, delivery structures. The overlap can add unnecessary administrative costs at each level of government--federal, state, and local.

Multiple Employment Training Programs: Conflicting Requirements Hamper Delivery of Services (GAO/HEHS-94-78, Jan. 28, 1994).

Conflicting eligibility requirements and differences in annual operating cycles are hampering federal employment training programs from helping people in need of services. Differences in eligibility criteria, such as income level, family or household definitions, and age, make determining who is eligible for which program a complex process that confuses clients and frustrates administrators. Within each target group, differences in annual operating cycles also hinder the ability of program administrators to cooperate to ensure that participants receive the services they need.

Multiple Employment Training Programs: National Employment Strategy Needed (GAO/T-HRD-93-27, June 18, 1993).

For many years, people seeking help in finding jobs have had to contend with a vast number of federal programs offering employment training assistance. Some states have tried to coordinate the programs, but these efforts have not always been successful. To bring some order to the current fragmented "system" of more than 150 different federal employment training assistance programs, local, state, and federal leaders need to work together to set common goals for programs yet allow communities the flexibility to develop service-delivery mechanisms tailored to local needs. This testimony discusses (1) problems created by the myriad employment training programs, (2) state and local efforts to coordinate these programs, and (3) the need for a national employment training strategy.

Multiple Employment Programs (GAO/HRD-93-26R, June 15, 1993).

GAO discussed federal employment training programs and the difficulty in coordinating client services with federal, state, and local administrators. GAO found that (1) the fragmented federal employment training system creates problems for job seekers, employers, and administrators; (2) the lack of access to information about what services programs offer can create confusion for job seekers about which program best meets their needs; (3) some needs assessments are performed by service providers who have a vested interest in which services participants receive; (4) duplicative assessment processes and placement activities waste resources and cause frustration for job seekers; (5) efforts to monitor program performance and outcomes are difficult because programs do not track participant progress; and (6) several states have taken initiatives to reorganize their service delivery system to better coordinate services at the local level.

The Job Training Partnership Act: Potential for Program Improvements but National Job Training Strategy Needed (GAO/T-HRD-93-18, Apr. 29, 1993).

Title II-A of the Job Training Partnership Act provides job training and employment-seeking skills to help the economically disadvantaged find jobs. Although the act has been viewed as relatively successful in placing participants in jobs, a recent study raises questions about whether it is as effective as it could be. GAO testified that effective implementation of the 1992 amendments to the act, coupled with more emphasis on program evaluation and a national strategy to eliminate confusion and duplication among the myriad training programs, could make a substantial improvement.

Multiple Employment Programs (GAO/HRD-92-39R, July 24, 1992).

GAO identified federally supported employment and training assistance programs available to out-of-school youths or adults not enrolled in advanced degree programs. GAO found that (1) 125 federal programs provide various forms of employment and training assistance totaling $16.3 billion; (2) programs are administered by many federal agencies; (3) the Department of Education administers 49 programs, totaling $8.1 billion, and the Department of Labor administers 30 programs, totaling $5.7 billion; (4) many programs target the same populations and provide similar services; and (5) reducing overlapping services and confusion requires coordination and integration of program services, modifying target group, reducing differing definitions in administrative rules, and eliminating competition between programs.

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LIST OF FEDERAL PROGRAMS THAT PROVIDE EMPLOYMENT TRAINING ASSISTANCE, WITH FISCAL YEAR 1995 APPROPRIATIONS

Agency/program	FY 1995 Appropriation (in millions)
Department of Agriculture	
Food Stamp Employment and Training	$165.0
Subtotal (1 program)	165.0
Appalachian Regional Commission	
Appalachian Vocational and Other Education Facilities and Operations	7.0
Subtotal (1 program)	7.0
Department of Commerce	
Minority Business Development Centers	19.7
American Indian Program	1.5
Economic Development-Grants for Public Works and Development Facilities	202.4 [a]
Economic Development-Public Works Impact Program	[b]
Economic Development-Support for Planning Organizations	26.4
Economic Development-Technical Assistance	10.9
Economic Development-State and Local Economic Development Planning	26.6
Special Economic Development and Adjustment Assistance Program-Sudden and Severe Economic Dislocation and Long-Term Economic Deterioration	45.0
Community Economic Adjustment	119.8
Subtotal (9 programs)	452.3
Corporation for National Service	
Literacy Corps	5.0
Foster Grandparent Program	67.8
Senior Companion Program	31.2
Subtotal (3 programs)	104.0
Department of Defense	
Military Base Reuse Studies and Community Planning Assistance	39.1
Transition Assistance Program	72.4
Subtotal (2 programs)	111.5
Department of Education	
Even Start-State Educational Agencies	99.1
Even Start-Migrant Education	2.9
Women's Educational Equity	4.0
Indian Education-Adult Education	5.4
Migrant Education-High School Equivalency Program	8.1
Migrant Education-College Assistance Migrant Program	2.2
School Dropout Demonstration Assistance	28.0
Adult Education-State Administered Basic Grant Program	252.3
Adult Education for the Homeless	9.5
Adult Education National Programs	8.8
Vocational Education-Demonstration Projects for the Integration of Vocational and Academic Learning	10.0

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Agency/program	FY 1995 Appropriation (in millions)
Vocational Education-Educational Programs for Federal Correctional Institutions	0.0
Vocational Education-Comprehensive Career Guidance and Counseling	[a]
Vocational Education-Blue Ribbon Vocational Educational Programs	0.0
Vocational Education-Model Programs for Regional Training for Skilled Trades	0.0
Vocational Education-Business/Education/Labor Partnerships	[a]
Vocational Education-Tribally Controlled Postsecondary Vocational Institutions	2.9
Tribal Economic Development	[a]
Vocational Education-Basic State Programs	764.5
Vocational Education-State Programs and Activities	81.2
Vocational Education-Single Parents, Displaced Homemakers, and Single Pregnant Women	71.7
Vocational Education for Sex Equity	28.7
Vocational Education-Programs for Criminal Offenders	9.5
Vocational Education-Cooperative Demonstration	10.7
Vocational Education-Indian and Hawaiian Natives	15.1
Vocational Education-Community Based Organizations	9.5
Vocational Education-Bilingual Vocational Training	0.0
Vocational Education-Demonstration Centers for the Training of Dislocated Workers	0.0
Vocational Education-Consumer and Homemaking Education	34.4
Vocational Education-TechPrep Education	108.0
National Workplace Literacy Program	18.7
Literacy for Incarcerated Adults	5.1
National Center for Deaf-Blind Youth and Adults	6.9
State Literacy Resource Centers	7.8
Student Literacy Corps and Student Mentoring Corps	0.0
Federal Pell Grant Program	2,917.3
Federal Family Education Loans	1,277.9
Federal Supplemental Education Opportunity Grants	150.5
Upward Bound	172.0
Talent Search	78.0
Federal Work Study Program	111.0
Federal Perkins Loan Program-Capital Contributions	13.7
State Student Incentive Grants	10.0
Educational Opportunity Centers	26.0
Student Support Services	145.0
Postsecondary Education Programs for Persons With Disabilities	8.8

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Agency/program	FY 1998 Appropriation (in millions)
Vocational Rehabilitation Services Basic Support-Grants to States	2,043.9
Vocational Rehabilitation Services Basic Support-Grants for Indians	10.3
Vocational Rehabilitation Services Service Projects-Handicapped Migratory and Seasonal Farm Workers	1.4
Vocational Rehabilitation Services Service Projects-Special Project Demonstrations for Providing Vocational Rehabilitation Services to Individuals With Severe Disabilities	19.9
Vocational Rehabilitation Services Service Projects-Supported Employment	10.6
Projects With Industry Programs	22.1
Supported Employment Services for Individuals With Severe Disabilities	36.5
Comprehensive Services for Independent Living	62.4
Library Literacy	8.0
Public Library Services	83.2
Federal Direct Student Loan Program	171.1
Workplace Transition Training for Incarcerated Youth Offenders	
Native Hawaiian Education- Community-Based Education Learning Centers	
Community School Partnerships	
21st Century Community Learning Centers	0.8
Subtotal (61 programs)	8,985.4
Department of Health and Human Services	
Job Opportunities and Basic Skills Training Program	1,300.0
Community Services Block Grant	391.5
Community Services Block Grant-Discretionary Award	26.8
Community Services Block Grant Discretionary Awards-Demonstration Partnership	8.0
Refugee and Entrant Assistance-Discretionary Grants	9.4
Refugee and Entrant Assistance-State Administered Programs	80.0
Refugee and Entrant Assistance-Voluntary Agency Programs	15.8
Family Support Centers and Gateway Demonstration Program	2.0
State Legalization Impact Assistance Grants	4.0
Transitional Living for Runaway and Homeless Youth	
Independent Living	70.0
Scholarships for Health Professions Students From Disadvantaged Backgrounds	2.1
Health Careers Opportunity Program	9.5
Subtotal (13 programs)	1,918.9
Department of Housing and Urban Development	
Emergency Shelter Grants Program	
Supportive Housing Program	
Youthbuild	50.0

Agency/program	FY 1995 Appropriation (in millions)
Family Self-Sufficiency Program	17.3 [p]
Service Coordinators	30.0 [q]
Empowerment Zone and Enterprise Community Program	640.0 [r]
Subtotal (6 programs)	737.3
Department of the Interior	
Indian Employment Assistance	17.7 [s]
Indian Grants-Economic Development	4.1
Subtotal (2 programs)	21.8
Department of Justice	
Ounce of Prevention Grant Program	[t]
Local Crime Prevention Block Grant Program	[u]
Assistance for Delinquent and At-Risk Youth	[u]
Police Recruitment	[u]
Local Partnership Act	[u]
National Community Economic Partnership	[u]
Substance Abuse Treatment in Federal Prisons	[u]
Subtotal (7 programs)	0.0
Department of Labor	
JTPA IIA Training Services for the Disadvantaged-Adult	810.2
JTPA IIA State Education and Coordination	84.2
JTPA IIA Incentive Grants	52.6
JTPA IIA Training Programs for Older Individuals	52.6
JTPA IIC Disadvantaged Youth	244.9
JTPA IIC Disadvantaged Youth-Incentive Grants	15.0
JTPA IIC Disadvantaged Youth-State Education Programs	[v]
JTPA IIB Training Services for the Disadvantaged-Summer Youth Employment and Training Program (Regular)	1,040.2
JTPA IIB Summer Youth Employment and Training Program (Native American)	16.1
JTPA EDWAA-Dislocated Workers (Substate Allotment)	518.4
JTPA EDWAA-Dislocated Workers (Governor's Discretionary)	518.4
JTPA EDWAA-Dislocated Workers (Secretary's Discretionary)	259.2
JTPA Defense Conversion Adjustment Program	4.0 [w]
JTPA Defense Diversification	0.0 [x]
JTPA Clean Air Employment Transition Assistance	0.0 [x]
JTPA-Migrant and Seasonal Farmworkers	85.7
JTPA-Employment and Training Research and Development Projects	11.9 [y]
JTPA Employment Services and Job Training-Pilot and Demonstration Programs	35.5
JTPA-Native American Employment and Training Programs	64.1
JTPA Job Corps	1,099.5

Agency/program	FY 1995 Appropriation (in millions)	
Federal Bonding Program	0.3	
Senior Community Service Employment Program	410.5	
Apprenticeship Training	17.1	
Trade Adjustment Assistance-Workers	231.0	
Targeted Jobs Tax Credit	10.3	*
Employment Service-Wagner Peyser State Grants (7a)	761.3	
Employment Service-Wagner Peyser Governor's Discretionary Funds (7b)	84.6	
Labor Certification for Alien Workers	51.1	
Interstate Job Bank	2.0	
Youth Fair Chance	24.8	
One-Stop Career Centers	120.0	
Veterans Employment Program	8.9	
Disabled Veterans Outreach Program	83.6	
Local Veterans Employment Representative Program	77.6	
Homeless Veterans Reintegration Project	5.0	
Job Training for the Homeless Demonstration Project	0.0	
NAFTA-Transitional Adjustment Assistance	43.4	**
Subtotal (37 programs)	6,844.0	
Office of Personnel Management		
Federal Employment for Disadvantaged Youth-Summer		**
Subtotal (1 program)		**
Small Business Administration		
Management and Technical Assistance for Socially and Economically Disadvantaged Businesses	8.1	
Small Business Development Center	74.0	
Women's Business Ownership Assistance	4.0	
Veteran Entrepreneurial Training and Counseling	0.4	
Service Corps of Retired Executives Association	3.3	
Business Development Assistance to Small Business	21.9	
Procurement Assistance to Small Business	34.1	
Minority Business Development	4.1	
Subtotal (8 programs)	149.9	
Department of Transportation		
Transit Planning and Research Program	0.6	**
Subtotal (1 programs)	0.6	
Department of Veterans Affairs		
All-Volunteer Force Educational Assistance	501.9	*
Selected Reserve Educational Assistance Program	43.0	*
Survivors' and Dependents' Educational Assistance	48.5	*
Vocational Rehabilitation for Disabled Veterans	297.0	

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Agency/program	FY 1995 Appropriation (in millions)
Post-Vietnam Era Veterans Educational Assistance	14.1 [illegible]
Vocational Training for Certain Veterans Receiving VA Pensions	5.0
Vocational and Educational Counseling for Servicemembers and Veterans	[illegible]
Service Members Occupational Conversion and Training	7.7 [illegible]
Health Care for Homeless Veterans	[illegible]
Domiciliary Care for Homeless Veterans	[illegible]
Housing and Urban Development/Veterans Affairs-Supported Housing	[illegible]
Subtotal (11 programs)	916.2
Grand Total (163 programs)	$20,413.9

Note: Listed programs provide employment training assistance to (1) help the unemployed find jobs, (2) create job opportunities, and (3) enhance skill levels of adults and out-of-school youth not enrolled in advanced-degree programs. Fiscal year (FY) 1995 appropriations were based on information obtained from the Office of Management and Budget and other federal departments. When appropriate, and unless otherwise noted, we excluded estimated funds that would provide assistance for in-school youth, advanced degree or services unrelated to employment training assistance. Programs without funding are authorized, but funds were not appropriated in FY 1995.

[a] Amount shown is less than total FY 1995 appropriations for this program. We excluded funds that provide assistance for in-school youth, advanced degree, or services unrelated to employment training assistance.

[b] Economic Development-Public Works Impact Program funds were included in Economic Development-Grants for Public Works and Development Facilities.

[c] No estimate was available to exclude funds for in-school youth, advanced degrees, or services unrelated to employment training assistance.

[d] Vocational Education-Business/Education/Labor Partnerships and Comprehensive Career Guidance and Counseling programs were authorized for appropriations only when the appropriation for the Vocational Education Basic State Program exceeds $1 billion.

[e] Data were not available at this time.

[f] Pell Grant Program funding shown here is an estimate for adults and out-of-school youths not enrolled in advanced degree programs, including funds appropriated for participants in Operation Desert Storm/Desert Shield (P.L. 102-25). The calculation is based on 1989-90 award period distribution of funds (47 percent) at institutions of higher education and proprietary schools with terms of study of 2 years but less than 3 years. More recent award period data are unavailable at this time.

[g] Federal Family Education Loan amount shown is an estimate for adults and out-of-school youth not enrolled in advanced degree programs. FY 1995 appropriation includes funds for administrative costs, interest subsidies for the Stafford Loan Program, and costs associated with loan defaults. We also included the FY 1995 appropriations for the liquidating account for loans made prior to FY 1992. For administrative costs and interest subsidies, the calculation is based on FY 1992 loan program data on the distribution of funds (29 percent) for borrowers in 2-year public

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and private nonprofit institutions of higher education and proprietary schools. For default costs, the calculation is based on FY 1995 budget estimates, estimated default rates by institution and distribution of default costs (53 percent) for borrowers from those institutions. More recent data are unavailable at this time.

[h]Federal Supplemental Educational Opportunity Grant, Federal Work-Study, and Federal Perkins Loans funding shown are estimated for adults and out-of-school youth not enrolled in advanced degree programs, based on FY 1995 appropriations. The calculation is based on the 1992-93 award period distribution of funds to two-year public and private nonprofit institutions of higher education and proprietary schools. Distributions vary by program. More recent award period data are unavailable at this time.

[i]State Student Incentive Grants funding is estimated for adults and out-of-school youth not enrolled in advanced degree programs. The calculation is based on the average percentage of funds distributed in award periods 1983-84 to 1987-88 to 2-year public and private nonprofit institutions of higher education and propriety schools. More recent data are unavailable at this time.

[j]Vocational Rehabilitation programs funds generally used for supportive services to help participants prepare for and engage in gainful employment.

[k]Federal Direct Student Loan Program is a new program authorized under the Student Loan Reform Act, which was included as part of the Omnibus Budget Reconciliation Act of 1993 and replaces the Federal Direct Loan Demonstration Program, which was authorized under the Higher Education Act amendments of 1992. This program is being phased in gradually beginning with the 1994-95 school year. The calculation is based on FY 1992 Federal Family Education Loan program data on the distribution of funds (29 percent) for borrowers in 2-year public and private nonprofit institutions of higher education and proprietary schools.

[l]New program was authorized under the Improving America's School Act (P.L. 103-382). No funds were appropriated for FY 1995.

[m]New program authorized under the Improving America's School Act (P.L. 103-382). Appropriation data were not available at this time.

[n]New program was authorized under the Improving America's School Act (P.L. 103-382). No estimate was available to exclude funds for in-school youth or services unrelated to employment training assistance.

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[o] Only a small portion of program funding is used for employment training assistance for adults and out-of-school youth. However, no estimate was available to include these funds.

[p] Family Self-Sufficiency Program includes job training, education, and support services paid for by other programs such as JOBS and JTPA. Federal funds were appropriated to cover local administrative costs.

[q] Service Coordinators is a new program, appropriations began in FY 1994. Amount shown includes funds for public housing, senior citizens, and tenant-based service coordinators.

[r] Empowerment Zone and Enterprise Community Program is a new program authorized under the Omnibus Budget Reconciliation Act of 1993 (P.L. 103-66). Amount shown is the FY 1995 appropriation for the increase to Title XX Social Services Block Grants. The program is jointly administered by the Departments of Housing and Urban Development, Agriculture, and Health and Human Services. No estimate was available to exclude funds unrelated to employment training assistance.

[s] Indian Employment Assistance funding includes two programs--Direct Employment Assistance ($2.0 million) and Adult Vocational Training ($15.7 million).

[t] Ounce of Prevention Grant Program is a new program authorized under the Violent Crime Control and Law Enforcement Act of 1994.

[u] New program was authorized under the Violent Crime Control and Law Enforcement Act of 1994. Authorization for appropriations begins in FY 1996.

[v] JTPA Defense Conversion Adjustment Program funding shown represents carryover funds remaining from FY 1991 appropriation.

[w] JTPA Defense Diversification Program had no funds appropriated for FY 1995, and no carry-over funds remain from amount appropriated in FY 1993.

[x] JTPA Clean Air Employment Transition Assistance Program had no funds appropriated for FY 1995, and no carry-over funds remain from amount appropriated in FY 1991.

[y] JTPA-Employment and Training Research and Development Projects funding shown excludes funds for the Federal Bonding Program.

[z] Targeted Jobs Tax Credit program expired December 31, 1994.

[aa] NAFTA Transitional Adjustment Assistance Program is a new program authorized in 1994 under the Worker Security Act (P.L. 103-182).

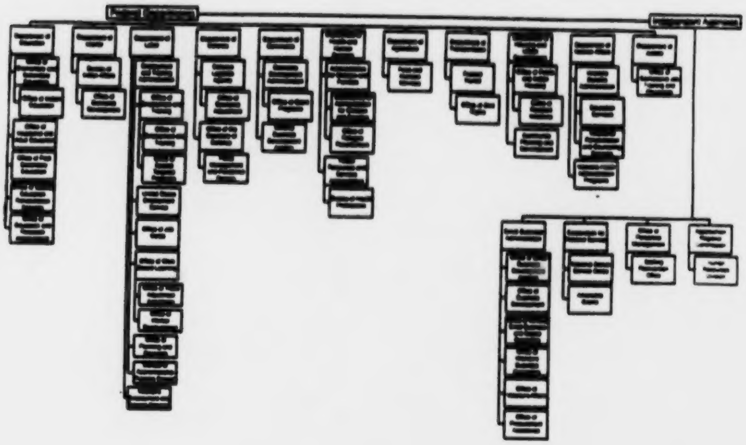
[bb] Federal Employment for Disadvantaged Youth-Summer Program is coordinated by the Office of Personnel Management but carried out by numerous federal agencies. Obligations devoted to administration are not separately identifiable.

[cc] Formerly listed as the Human Resource Program. Funds were shifted to Transit Planning and Research Program. Amount shown is less than the total appropriation ($34 million) for this program. We excluded funds unrelated to employment and training assistance.

[dd] Vocational and Educational Counseling for Service members and Veterans funds were included in other veterans programs, such as the All-Volunteer Force Educational Assistance Program.

[ee] Service Members Occupational Conversion and Training funding shown represents carryover funds remaining.

EXECUTIVE BRANCH AGENCIES RESPONSIBLE FOR FEDERAL EMPLOYMENT TRAINING PROGRAMS



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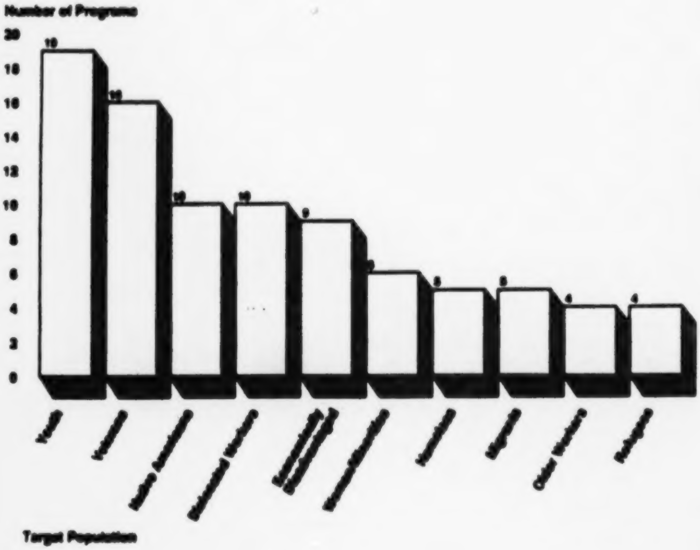
FEDERAL EMPLOYMENT TRAINING PROGRAMS BY TARGET POPULATIONS



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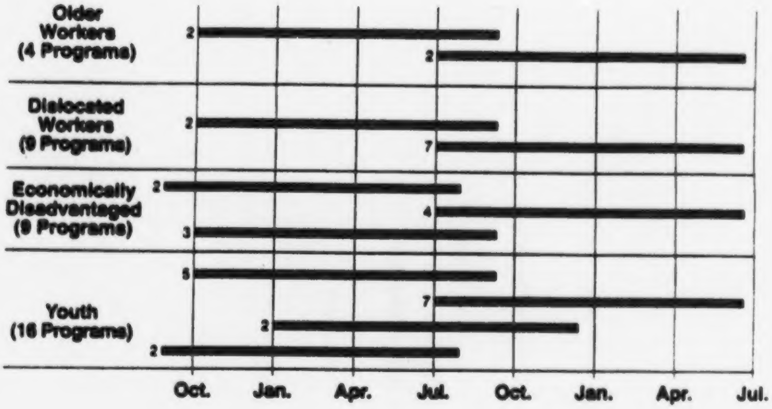
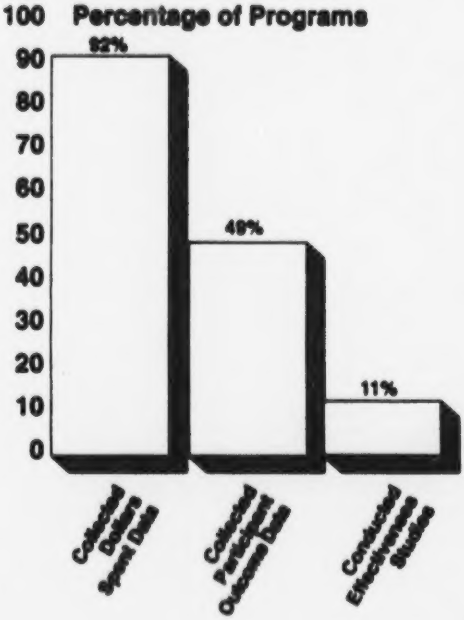
PROGRAMS DIFFER IN DEFINITION OF ANNUAL OPERATING CYCLES



FEW PROGRAMS COLLECT OUTCOME DATA OR CONDUCT EFFECTIVENESS STUDIES



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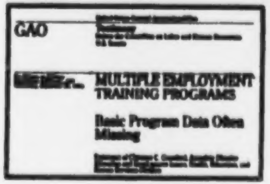
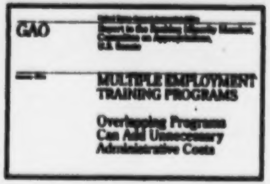
GAO

Prior GAO Work Underscores Need For Major Overhaul


GAO
MULTIPLE EMPLOYMENT TRAINING PROGRAMS
Basic Program Data Often Missing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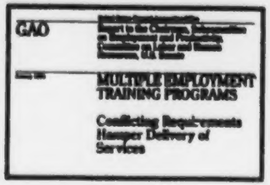
MULTIPLE EMPLOYMENT TRAINING PROGRAMS
Overlapping Programs Can Add Unnecessary Administrative Costs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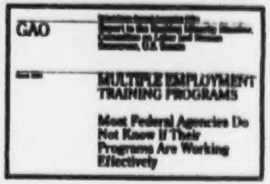
MULTIPLE EMPLOYMENT TRAINING PROGRAMS
Conflicting Requirements Hamper Delivery of Services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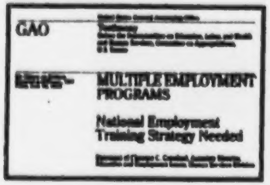
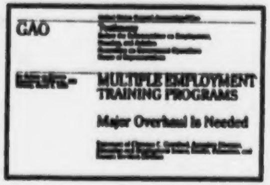
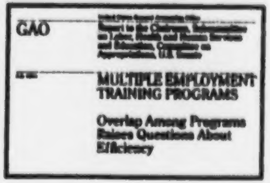
MULTIPLE EMPLOYMENT TRAINING PROGRAMS
Most Federal Agencies Do Not Know If Their Programs Are Working Effectively


GAO
MULTIPLE EMPLOYMENT PROGRAMS
National Employment Training Strategy Needed


GAO
MULTIPLE EMPLOYMENT TRAINING PROGRAMS
Major Overhaul Is Needed


GAO
MULTIPLE EMPLOYMENT TRAINING PROGRAMS
Overlap Among Programs Raises Questions About Efficiency

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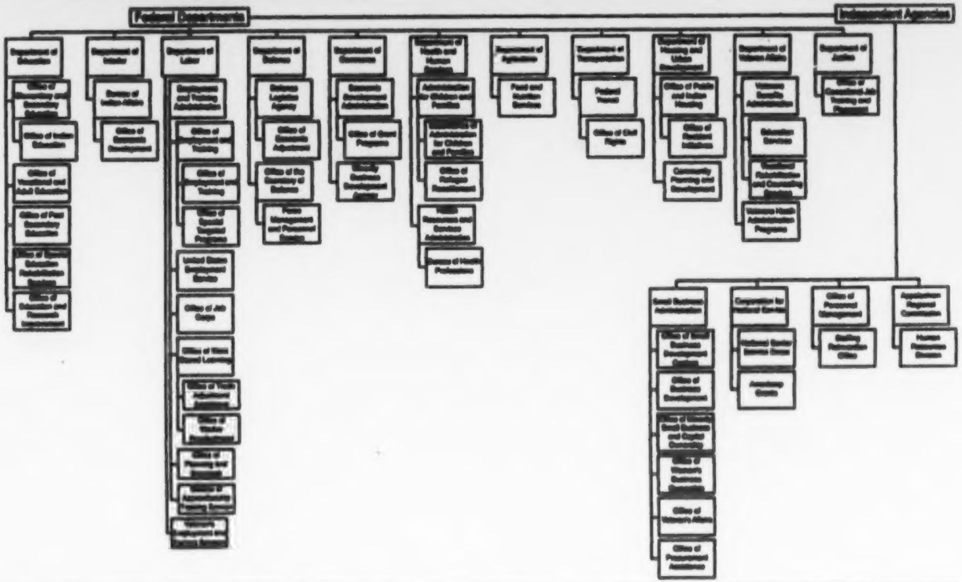
GAO Executive Branch Agencies Responsible for Employment Training Programs



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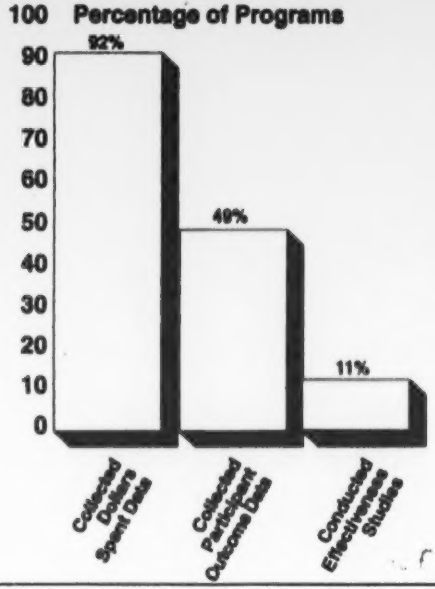
GAO Few Programs Collect Outcome Data or Conduct Effectiveness Studies



GAO

Guidepost for a New Employment Training System

Make services easy to access

Encourage the efficient use of resources

Provide a variety of services to meet individual needs

Allow local flexibility, but hold administrators accountable

STATEMENT OF JERE JACOBS, ASSISTANT VICE PRESIDENT, PACIFIC TELESIS GROUP, SAN FRANCISCO, CALIFORNIA, REPRESENTING CALIFORNIA BUSINESS ROUNDTABLE

Mr. JACOBS. My name is Jere Jacobs. I am here as both a representative of the Pacific Telesis Group in San Francisco, but primarily as a representative of the California Business Roundtable who has been interested in these issues for a number of years, and in fact in 1989 in our recommendations for restructuring public education in California, we had an element called the Post–10 option which we recommended as a first transition for people into the world of work, and since that time over the last five years, interest in the whole notion of the transition from school to work has really gained a lot of attention across the country, and I would submit that that is only one of several transitions that we all will go through during our working lives, and also that the transition from school to work should not be confined to just the secondary education level, but I would submit as the father of two graduates of our State university system that the transition from the university level, certainly at the undergraduate level, is no easier into a career than it is from high school.

We have as a business roundtable taken a deep look at this and produced a report in which it is called Mobilizing For Competitiveness: Linking Education and Training With Jobs, and each of you will be provided a copy of that.

What we see there is a dismaying unconnected system on the education side where there is no clear articulation from K through 12 into community college and even to the State universities, but certainly the vast array of programs that come through the employment development side.

In our State that represents about $3 billion, about $30 billion in the K through 14 arena, and that is a tremendous amount of resources that are not being used under any cohesive policy framework, and that would be one of our recommendations is that we really look at this in a cohesive way. That standards need to be there in terms of both academic achievement and what is expected for career entry and beyond, and that business has a key role in helping to articulate those, and indeed one of the problems that we may have is a lack of a clear knowledge over time in terms of business letting education and training organizations really know our expectations.

That is especially important during this rapidly changing information-based global economy that we are in today. That dialogue has to be intense and constant. And that we must drive all of our work organization, including those in training and education, to be truly high performance work organizations.

Indeed, some of our training needs to be directed toward that because we are in a knowledge intensive area as far as our global economy is concerned, and we must constantly strive to implement and pursue those principles.

So our three broad goals would be to establish a cohesive system that communicates not only with trainers and with clients, but also with employers. We believe that the signals coming from admissions officers and employment officers ought to be very similar in terms of levels of expectation, and that we work to establish truly high performance organizations across the education and training spectrum to assure the highest quality, efficiency, and effectiveness of our programs.

I would be very glad to entertain your questions at the appropriate time.

Chairman McKEON. Thank you very much.

[The prepared statement of Jere Jacobs follows:]

TESTIMONY OF

JERE A. JACOBS
PACIFIC TELESIS GROUP

BEFORE THE
SUBCOMMITTEE ON POST SECONDARY EDUCATION, TRAINING AND LIFE-LONG LEARNING

COMMITTEE ON ECONOMIC AND EDUCATIONAL OPPORTUNITIES
U.S. HOUSE OF REPRESENTATIVES

ON "A BUSINESS VIEW OF WORKFORCE PREPARATION AND JOB TRAINING"

FEBRUARY 6, 1995

Mr. Chairman and Members of the committee, I appreciate the opportunity to testify on workforce preparation issues that are important to business.

I am Jere Jacobs, Assistant Vice President, The Pacific Telesis Group, with headquarters in San Francisco. Pacific Telesis Group, as the single largest private sector employer in California, has long been concerned with workforce preparation and the company has active programs in this area. In 1994, a principal division, Pacific Bell, launched a $100 million initiative, *Education First*, to wire all schools, community colleges, and libraries in California so that they can become a part of the Super Highway and that technology can eventually become ubiquitous in education.

In addition, as a member of Pacific Telesis, I am Chief Deputy of the Education Task Force of the California Business Roundtable, an organization of the Chief Executive Officers of about ninety of California's largest companies. For the past decade and a half, the California Business Roundtable has been actively seeking education reform. It has worked with the Governor, the legislature, organized interests, and communities throughout California to make education a number one priority and, particularly, to link education and economic development. In recognition of the vital importance of this link to our state's social and economic future, the Roundtable has written a report, *Mobilizing for Competitiveness: Linking Education and Training to Jobs,* that provides a framework for state and local actions. This report is very relevant to your deliberations, and I am attaching a copy to my written testimony. I also have attached another document we supported, *Choosing the Future: An Action Agenda for Community Colleges,* that focuses on the critical role community colleges can play in preparing workers and in maintaining and up-grading their skills in the 21st Century.

The California Business Roundtable also has gone beyond report writing. Over the past two years, we have worked with member companies to develop skill standards for employees in telecommunications, banking, and other selected industries. This work required a substantial financial and human commitment that we felt was necessary in order to let K-12 and post-secondary educators know what industry wants from its career entry employees. I am excited to say that we are now planning to implement these standards in demonstration schools and colleges in California.

I am also here today for the National Alliance of Business as a member of their Board of Directors, West. In addition, as a member of Governor Wilson's School-to-Career Task

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Force charged with planning a school-to-work system for California in response to the federal School-to-Work Opportunities Act, I appreciate the complexity of the policy issues you are addressing.

I commend you for holding these hearings to add a business perspective to the public policy discussions about workforce preparation. The topic is particularly important in this year of increasing economic competitiveness -- in a global marketplace -- where success is often defined by the knowledge and skills of workers. I have had the opportunity to see first hand, from many perspectives, the impact education and training can have on the economic competitiveness of our nation's workforce.

The emerging age of information and telecommunications has changed the nature of work and the workplace for good. These changes demand a new kind of worker, a knowledge worker, with new sets of skills. Increasingly, jobs with a future and suitable pay require education and training that many current workers, employed and unemployed, do not have. At Pacific Telesis we want employees who are technologically capable and can show competence in problem solving, team work, initiative, and communications skills. For workers in this new global economy, knowledge and skills will be the ultimate determinants of their economic success. It is no longer good enough to hire someone to show up on time and merely do what they are told to do day after day.

I can tell you from experience that the gap is readily apparent and growing between the skills needed by employers and the deficit of skills in new job seekers. At Pacific Telesis, we give an exam to applicants for entry-level positions. About 60 percent of the applicants fail this test, and all the applicants have a high school diploma or post-secondary education. A growing percentage of job applicants come to us with minimal educational competencies or workplace skills such as interpersonal and critical thinking skills. Representatives of the banking community have had similar experiences to the point that they look for applicants who have earned a Bachelor's Degree to have assurance that the applicants have adequately mastered reading and writing.

Training for current employees will always be largely a business responsibility. But, the quality of workforce preparation and the efficiency of labor market transitions are shared responsibilities traditionally between the public and private sectors.

We must work together to design and support a workforce development system that will serve all workers throughout their careers. We call this a *seamless system of life-long learning*. In California about $30 billion is spent on education and about $3 billion is spent on job-training. Yet, this money is not getting enough bang for the buck for several reasons.

First, we do not have a coherent system that pulls together all providers of education and training under one common policy framework. This lack of coherence is in part due to the multiplicity of federal and state programs from different funding sources often with different or even competing regulations. To be blunt, past policies have set up turf battles at the local level. Protecting one's turf sometimes becomes more important than delivering quality programs. Moreover, many programs appear to pay too much attention to regulations, rather than truly serving the needs of their clients.

Second, most of the job training programs and too many of the vocational education programs consist of short-term training for specific, low skill jobs. They measure success in terms of immediate job placement, even if the jobs are dead-end jobs that do not lead to a career path with higher skills and higher wages. What business needs is employees prepared for a challenging future who have learned to high academic standards and can apply their knowledge, solve problems, and work with the diverse range of other employees and customers that makes up today's and tomorrow's California. The short-term job programs aim at the wrong goal and miss the mark. These programs should be embedded in a broader system of life-long learning. We should be thinking in terms of careers and career pathways, rather than jobs.

Third, post-secondary education is neither closely enough linked to K-12 education nor to business. In California, the admissions requirements for the state's most prestigious university system, the University of California, drive the K-12 system, even though a majority of the students will not attend or complete a four-year degree program. This has set up a tracking system that separates the "college-bound" students from the majority who have neither been expected to meet high academic standards nor prepared for high skill careers. Work has been de-valued, even though all of us work, and parents think that college is the only route to a status occupation. We believe that post-secondary education should be rethought so that all students can aspire to and achieve a post-secondary degree as a milestone on their path to high skill, high wage employment. For many workers, such a degree should come after they

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have had practical work experience and should be accomplished in conjunction with work transitions to high skill career paths.

Fourth, business has not been adequately involved in setting industry skill standards and providing mentoring and quality work-site experience for high school and community college students. The key to productivity in this knowledge-intensive age is developing high performance organizations in which there is a greater use of technology, a reduction in bureaucracy, and a reliance on front-line workers to make decisions that improve the quality of products and services. Some of the country's most successful businesses have downsized and re-engineered to become high performance organizations. They have learned that they need high skilled workers who must constantly learn to keep pace with changing technology. These organizations know they must invest in partnering with schools and colleges to prepare entry-level employees, assist them to upgrade their skills, and do retraining when necessary. More businesses need to emulate successful partnering because it is in their long-term competitive interests to do so.

In summary, we need to change the current fragmented arrangements for education and training in the country. A more coherent system needs to be developed, one which must be able to prepare potential employees for the knowledge and skills being driven by developments in the workplace.

Such a system should have the following key components:

- Educational standards developed at the state and local level;
- Skill standards developed by business and industry that reflect the knowledge and skill sets required on the current and future workplace and benchmarked to world-class levels;
- A school-to-career system that helps youth transition into high skill careers or move on to higher education;
- A consolidated workforce development system to ease skill training and solutions to labor market problems at the state and local levels.

Initiatives to develop educational standards and skill standards were enacted last year, and we hope to preserve those initiatives and to further strengthen the development of industry-driven skill standards. Building a school-to-career system is another initiative we hope to preserve and strengthen. What we do not have is a consolidated workforce development system. It is essential that all these initiatives work together under a common policy framework and do not become separate activities competing for scarce resources.

In each of these initiatives, there are new roles for state and local officials, educators, and employers. More decisions about how services are delivered and who delivers them will be made by state and local officials according to their unique labor market circumstances. New partnerships will be created between schools and employers to coordinate school-based and work-based learning in school-to-work programs.

If the government continues to invest in workforce development with these key components, then any training or skill development conducted with federal money will have to be conducted according to established and certifiable industry standards that reflect the real demands of the workplace. Technical instruction will be increasingly important. Having portable, industry-recognized certificates of competency will be increasingly important.

Perhaps the most important point about standards is that many of them already exist. Those standards are reflected daily in the countless decisions made by companies as they hire, fire, promote, and train people based on skills seen as essential for productive work. These are the standards to which American firms must hold themselves to survive and prosper. The business community would expect no less from education or workforce preparation enterprises, or from the individuals seeking to enter prosperous careers.

Thank you, Mr. Chairman. I would be happy to answer any questions you may have.

STATEMENT OF HARRY FEATHERSTONE, CHAIRMAN, WILL-BURT COMPANY, ORVILLE, OHIO

Chairman McKEON. Mr. Featherstone.

Mr. FEATHERSTONE. Good afternoon. My name is Harry Featherstone. I am Chairman of the Will–Burt Company in Orville, Ohio, a member of the board of directors of the National Association of Manufacturers, and I thank the Chairman and Members for the opportunity to present this testimony. I will summarize remarks and request that the full text be placed in the record.

The issue of workplace education and training is a driving force to me and has made our small company in Ohio more than competitive, better than the best. It is also a priority with NAM's more than 13,000 members. It is worth noting that the vast majority of NAM members are small companies like Will–Burt. It is these small companies where job growth has occurred and good jobs are being created.

The past three years I have been a key participant in the NAM high performance workplace project conducted in partnership with the U.S. Department of Labor. This unique public partnership allowed me to travel cross country with them and talk to other members. I think I have talked to about 5,000 companies from Oregon to Atlanta to Mississippi.

I bring to you today some of the information we have learned, Mr. Chairman. I would appreciate it if you would include in the record a copy of the final report of that work force effort. I think it is four years in running. I think you will find of interest the wide variety of private sector initiatives that are occurring across our States.

As a small manufacturer who reaped the benefits of investment in worker education and training, I am here to tell you there is nothing in the domestic agenda more important to our future. We have a very unique opportunity to broaden the legislative agenda that conforms the vision of a globally competitive workplace. We don't know it yet, but we are global. We don't know in small manufacturing.

We urge this committee and the 104th Congress not to just tinker with this system, not just consolidate programs, but to be bold, be expansive, be innovative, be creative, to radically restructure our work force system. Broaden the goal to include everyone, include current workers. I have added this to the executive summary, their ORI is huge as I will explain to you with Will–Burt's discussion.

Let's change the terms of the debate with the trading programs to skill development with one clear goal, to enhance U.S. competitiveness globally. This will create the good jobs that include high pay and eventually end up with high pay and high benefits necessary for everyone to have a career path for life.

Let's make the goal a lifelong learning process of a continuous skill development with major results. Let's structure a system that is based on local knowledge and local conditions, let's include from the beginning the business community in its leadership role. It is ready to share its knowledge about skill training in new and innovative ways. Everyone has a role, and teams have to be assigned to do this role.

The Federal Government can and must be a part of this, can encourage local alliances, can act as catalysts, can watch over—the School to Work Opportunity Act is an example to me of an important step in the right direction. U.S. business and workers need access to high quality internationally benchmarked education and skill developments.

Filling this need means rethinking all of our existing foundations and institutions, particularly how we establish structural movements, tools, and how we make all programs accountable. Important is measurements, and I will get to that with Will–Burt Company.

We are the highest educated company of our type in the United States, and I probably think in the world. I just got a long letter from England and they are asking me to come over there and I think that is the reason. We are involved, we have welders, we have assemblers, we have machinists, we have office people, and I think we are approximately a 14th grade level in math, physics, business knowledge, and from business knowledge, we teach everything from payroll accounting to marketing to everybody.

In 1985 we started math classes, this is our 10th year, we have core classes that go from blueprint reading to geometry and geometric tolerancing and statistical processes, statistical analysis. We wrote the book ourselves on that.

In 1989 we were declared 99.9 percent high math literate, and so we started a two-year mini-MBA course at night, and over 225 of our people have voluntarily gone to two-year courses at night to learn business.

I would like to tell you what I know will happen from education. I would like to tell you what I think happened from education. It spurs first quality. Our cost of quality has dropped from 6 percent to 1 percent. In 1995 we are shooting, making parts such as fenders for tractors and et cetera, crossmembers, we make everything from the size of a watch to the size of this table. Our qualities went to 7 sigma or that is 1 in 10 million fails at the customer's level; efficiency, I can tell you that every month our efficiency grows beyond anything I had ever imagined in 45 years of working.

Safety, our safety has gone from $100,000 to $150,000 a year in expenditure for accidents to in 1993 of $642. Lost time days dropped, health care costs dropped immensely when you educate, diversity is not the problem that it is when you educate, and I understand—I don't know what that light means, but I figure I better stop. Is that correct?

Drugs disappear, self-esteem, discipline, integrity come in, all of this comes in for a return of investment that I calculate has to be far superior to 10 to 1.

Thank you.

[The prepared statement of Harry Featherstone follows:]

Testimony of Harry Featherstone

EXECUTIVE SUMMARY:

As a small manufacturer who has reaped the benefits of investment in worker education and training, I am here to tell you that there is nothing in our domestic agenda more important to our future than the subject at hand.

We have a unique opportunity to broaden the legislative agenda to conform to the vision of a globally competitive workplace. We urge this subcommittee and the 104th Congress not just to tinker with the system, not just to consolidate programs, but to be bold, be expansive and yes, to radically restructure our workforce system. Broaden the goal to include everyone - including current workers.

Let's change the terms of the debate from "training programs" to skills development, with one clear goal-to enhance U.S. competitiveness globally. This will create the good jobs necessary for everyone to have a career path for life. Business will get skilled workers so it can be productive, the unemployed and dislocated will have more opportunity and our youth will have a clearer pathway to understand and learn the skills necessary for them to compete effectively in the job market. This is a win/win situation for everyone. Let's make the goal a life-long learning system of continuous skill development with measurable results. Let's structure a system based on local knowledge and local conditions. Let's include from the beginning, the business community in a leadership role. It is ready to share its knowledge about skill training in new and innovative ways. Everyone has a role and should be part of a team, a team designed to create more jobs.

The federal government can be part of this, can encourage local alliances and act as a catalyst for effective local partnerships. The School-to-Work Opportunities Act is an example of an important step in the right direction in making first chance systems world class systems. The government can and must continue cutting edge research and improve national labor market information for business and workers alike.

U.S. business and workers need access to high-quality, internationally bench-marked education and skills development throughout their careers. Filling this need means rethinking all our existing institutions.

Testimony of Harry Featherstone

Chairman, The Will-Burt Company

Before the Subcommittee on Post-Secondary

Education and Lifelong Learning

Committee on Economic and Educational Opportunities

U.S. House of Representatives

On a National Workforce Strategy for the U.S

Good afternoon. My name is Harry Featherstone, and I am Chairman of the Will-Burt Company in Orville, Ohio. I am a member of the Board of Directors of the National Association of Manufacturers and on its behalf, I thank the Chairman and members of the committee for the opportunity to present testimony today. I will summarize my remarks and request that the full text be placed in the record.

The issue of workforce education and training is of paramount importance to me and has made our small company in Ohio competitive with the best. It is also a priority with the NAM and its more than 13,000 members. It is worth noting that the vast majority of NAM members are small companies like Will-Burt. It is in these small companies where significant job growth is occurring and where good jobs are being created.

For the past three years I have been a key participant in the NAM high performance workplace project conducted in partnership with the U.S. Department of Labor. This unique public private partnership allowed me to travel across the country with the NAM and talk to other member companies about their workforces and share strategies for successful change. I bring to you today some of that valuable information we learned. Mr. Chairman, I would appreciate it if you could include in the record a copy of the final report of that workforce effort. I think you will find of interest the broad variety of private sector initiatives that are occurring across all industry sectors.

We found out that most of our companies are facing hard facts: that to succeed in today's growing global markets, they must constantly improve their products, respond to overwhelmingly rapid technological change and continuously customize and speed production. Increasingly, the ability to compete depends on a highly skilled workforce --- from the shop floor to the executive office. The knowledgeable worker is essential today -- a worker who is highly skilled, is capable of dealing with new technologies, can show competence in problem solving and team work, and has strong communication skills. Bottom line, as we are fond of saying, these new skills for our workers are directly related to our abilities to be productive and create jobs.

Before I begin to tell you a little bit about the Will-Burt Company, I would like to say at the outset that what we know best at the NAM is what makes companies competitive, successful and sustainable. We are expert on what kind of workers and technology we need;

we are not as expert at what a national workforce strategy should be. However, since I have been involved in education initiatives for a good deal of my life since my company is successful because we have placed great value in our workers', and since the NAM has become a leading advocate of workforce investment and change, I would like to share a few thoughts.

1) The best way for the government to invest in its future is to provide for world-class life-long education for all its people. Economic prosperity is impossible without this commitment. If we do not educate our young people, we will permanently take a back seat to the rest of the industrialized world. Business cannot pick up the pieces of a poorly educated country forever. Even though we spend over 50 billion dollars a year on on-the-job training much of that goes to basic literacy and skills. It is a losing game. This is why the NAM supported the Goals 2000: Educate America Act and the School-to-Work Opportunities Act of 1994. Although these initiatives may need some adjustments along the way, we continue to enthusiastically support their goals and vigorous implementation. Nonetheless, more needs to be done.

2) Manufacturing success today depends on quality-driven changes, with empowered teams, flattened hierarchies and greater autonomy for the workforce. These changes have translated into the "high-performance workplace" that demands uniquely skilled workers as never before. These changes are essential to manufacturing success and our continued economic growth.

3) This subcommittee has been renamed to include "lifelong learning." We applaud that change and that should be the goal of our workforce system — to bring lifelong learning to everyone. Now you need to do something to make that goal a reality. We urge you not to tinker around the edges but to redesign and reengineer our current system and create a greater vision – so that a national workforce strategy serves a broader population. The vision remains the same — to give lifelong skills to everyone so we can remain competitive globally. Who is administering the distribution of the funds is less important than what the funds are achieving. So let's change the terms of the debate from one of "training programs" to skills development – for what and for whom.

4) For years we have spent most of our dollars on the chronically unemployed and disadvantaged. Some of these programs have worked; some have not. Just as we do in business - let's keep what works and get rid of what doesn't. But in order to serve everyone now and expand jobs for that hard-to-serve population, we need to add incumbent workers to the mix. If we limit federal dollars to only one sector we are severely limiting ourselves. Let's not do this - let's make lifelong learning a reality. If you do this, we in the manufacturing community, particularly small business, will be with you all the way.

5) Business needs to be engaged in a leadership role at the state and federal level. We need to be a key part at the beginning in any system of workforce skills development.

6) Give more flexibility to the states. They are asking for it and seem eager to make the whole process work better. It makes sense for the people who have responsibility for administering programs to apply their resources in ways that produce the most benefit for the region and their unique needs. Put the funding in the hands of the people who know best what success is and are closest to the customer -- business and workers. In a framework of non-prescriptive goals that have a broad vision -- states should have more power of determination than they do today. Actual delivery of skill development programs should be administered at the local level so that programs are tailored to each specific community's needs.

7) All programs must be required to operate -- as my business does -- on the principles of total quality management and with the goal of zero defects! There must be a full commitment to customer satisfaction with continuous improvement and measurable results. Those results are clear -- all funding should be going to skill development for real jobs. We should never again say, "training for what?"

8) There are roles for everyone in this partnership for a competitive, productive economy. While we advocate restructuring the current employment and training system to push programs and dollars down to the local level, we also know there is an important federal role. We must continue to have cutting-edge research, technical assistance in sharing national success models and a capacity to keep track of changing national labor market needs. Most of all we need clear, world-class national standards that are private-sector

driven and nationally coordinated and disseminated. These standards are critical for judging workforce resources and making the most effective use of public and private dollars. They are essential for accountability and portability. That's why we supported the establishment of the National Skills Standard Board. Finally, the federal government should continue to act as a convener and catalyst for critically needed programs such as School-To-Work and can most effectively use the "bully pulpit" to create an atmosphere for change. It can also be a powerful advocate for individual investment and encourage all citizens to take advantage of opportunities to realize their full potential.

Thank you for letting me share these thoughts. Now I would like to tell a little bit about the Will-Burt Company and what we have learned about workforce skills and becoming more competitive.

The Will-Burt Story

Ours is an employee-owned company making a diversified line of machined and fabricated parts for a range of companies, including Volvo Truck, Caterpillar and Ford. We also make part of the Patriot missile system. Eight years ago, we were on the verge of liquidation. Will-Burt had about $20 million in sales, but profitability ranged from only 1 percent to 4 percent. Workers were spending 25,000 hours a year redoing rejected parts, costing the company $400,000 annually. The rejection rate was as high as 35 percent. Yearly turnover was very high and daily absenteeism ran up to 8 percent. Several of the plants were out-of-date.

Moreover, a survey at the time found that although many employees worked with blueprints daily, they could not understand the blueprints well at all. Other employees who worked with scales could not read them.

I came to the company with a background as an accountant and engineer, after spending most of my career at Ford. At 55, I became president and desperately wanted to make a go of this once-proud company.

The decision was made that the company could not survive paying $400,000 yearly for its quality problems. We decided to set Will-Burt apart from its competitors. That meant that we would have to make the best parts in the business, the first time around.

Previously, if a part came close to specification, it was shipped. We decided to shoot for perfect quality and perfect on-time delivery. Such methods would have to start immediately. But how could workers manufacture to blueprints if they could not read them correctly? The answer was intensive math education.

Voluntary blueprint reading and math classes were held on company time. Twenty-five employees signed up, but when they ran into homework and tests, they dropped out so quickly that soon only three were left.

Finally, we countered by making the blueprint reading mandatory for production workers and voluntary for office workers. A basic blueprint-reading class was taught by a vocational school teacher, and an advanced course was taught by continuing education teachers from the University of Akron.

Still, the resistance was high. Persons out of school for 20 years did not relish the reintroduction to the classroom atmosphere. It was hard to convince them of the importance of the courses. I was called dictatorial.

Yet there were seeds of hope -- and workers began to see a future for themselves. Some of the workers saw the classes as a way to improve themselves and their skills, reasoning that if they ever left the company, they would be readily hired by one of the other well-paying manufacturers in the area.

We continued to push education. We enlisted an industrial training specialist from the University of Akron. We had all floor workers go through a rigorous course of geometry and geometric tolerancing. They reviewed high school mathematics, including fractions and algebra. Tests were given and scored by persons outside the company.

Ultimately, we introduced Statistical Process Control (SPC), the measurement and tracking of parts through the manufacturing process to reduce deviations from standards. After the math course, which also taught reading, writing, sequencing and the value of statistics, the SPC course actually became a part of our lives.

The situation began to improve. As workers began to feel greater security, they began pulling together as a company.

By this time, Will-Burt had spent about $200,000 in training. In 1988, the State of Ohio agreed to pay $5,000 for a teacher and books. Will-Burt maintained the classroom. It paid the rest of the teachers, bought additional books and, of course, paid the wages of those taking the courses, because the classes were conducted on company time. The training had a dramatic effect. Products were produced exactly to the blueprints. Workers were scrupulous about demanding perfect parts.

The combination of employee ownership and higher skill levels made for a new attitude and performance. One worker was quoted as saying that if someone saw another producing bad parts, that worker would "jump on him." People knew that one worker's error would hurt them all; they took pride in all of the company's products.

On-time delivery leapt to 98 percent for months on end. By the end of 1988, the parts-rejection rate had fallen to less than 10 percent. The rate is now less than 0.01 percent. Time spent reworking parts dropped from about 2,000 hours a month to 400, even though the company was doing much more precision work than before. The rework costs dropped from $400,000 per year to less that $50,000, with a trend down indicating .007 percent of sales in 1991.

These days, employees are offering suggestions for products and marketing. An idea was developed for a Quick Turn Department, a team of 12 versatile fabricating people who would turn out parts and assemblies of any size overnight for delivery in 24 hours to customers who must have this service. The new department is on its way to making $3 million a year. In December 1992, 3 Telescoping Mast Team people took more than $300 out of the cost of a $1,000 assembly.

Other statistics measure Will-Burt's renaissance as well. By 1989, the University of Akron determined that the company was 99.9 percent high math-literate. Return of goods as a percent of sales dropped from 3.7 percent in 1985 to 1.1 percent in 1989. Even so, the cost of quality (quality-control labor, superintendent and management salaries, plus rework labor and materials) as a percent of sales dropped from 6 percent in 1985 to 2 percent in 1990.

Morale has improved. Workers' compensation in actual dollars paid out for accidents dropped from $145,000 in 1985 to $16,000 in 1990, or from $525 per person to $57 and currently 1992, to $662, or $3 per person. The number of sick days less than two weeks was cut in half from 4.6 days per person to 1.9, and health care costs have stabilized and decreased. Finally, overall, we are getting work back that left the country for Mexico in the early 1980s. In 1992, we received purchase orders for $3.5 million in sales in binding equipment formerly manufactured in Mexico and moved this to the customer in 1993. The jobs stayed in the U.S. because we trained the customers. We are hiring new workers to meet the increased workload.

The value of broadening an employee's education is a philosophy I endorse, and one that is now ingrained in the company. In addition to the classes begun in 1985, the company has added ones on problem-solving, decision-making, public speaking, machine controls, employee discrimination and, attempted sign and language. The goal is to allow those taking the courses to accumulate credit for an associate of science degree. But we can't stop here. To truly achieve our goals, Will-Burt people must continually upgrade their skills and learn new ways of doing things. Training and education is our best investment. We will be 100% computer literate by July 1995.

SUMMARY

Mr. Chairman, members of the Committee, that's my story. I hope it has been of some value. It could be the story of other small businesses across the country, but their resources are thin. We do much to help ourselves, we are innovative and now driven by a fast, ever-demanding global economy. To compete, we will have to use all resources at hand, in our communities, states, region and yes, some in Washington, too.

Again, whatever the disagreement over levels of funding and who gets to spend it, it is clear that this Congressional session offers the best opportunity for meaningful, comprehensive workforce system reform in over a decade. Mr. Chairman, I applaud you and your committee for taking a step back before you begin the challenging task of overhauling our national employment and training system.

Thank you for your consideration and I will be pleased to answer any questions.

STATEMENT OF WAYNE ROWLEY, DIRECTOR, HUMAN RESOURCES DEVELOPMENT, METROPOLITAN CHAMBER OF COMMERCE

Mr. ROWLEY. Mr. Chairman, first may I request that my written remarks be submitted for the record.

Chairman MCKEON. We will have each of your remarks submitted for the record, with no objection, we will also add that report that Mr. Featherstone has to the record also.

Thank you.

Mr. ROWLEY. Very good. I would like to say that I am flattered that Mr. Largent did in fact remember to call you and tell you that he knew me. I didn't think that he would claim that, but I am glad even though he is in a better place than maybe we are at the moment. I hope it is raining. Like you, there is some poetic justice in that, I think.

Chairman MCKEON. He is probably on a plane back.

Mr. ROWLEY. He probably is. I would like to thank you, Mr. Chairman, and your subcommittee for your commitment to the improvement of the Federal workforce development system and for the honor of participating today in this important work.

As has already been stated and alluded to here, in most States and localities there exists a myriad of Federal, State, and local programs that lacks coordination and unity of purpose, even at times competing to the detriment of employers and employees alike, and in my City of Tulsa there is no difference.

I am here today to tell you about, as requested, how one city, and that is Tulsa, found its way perhaps a little bit out of that maze, and began to answer some of the questions of how do we deal with work force training. It started early in the 1990s, and it was in fact from the very beginning driven by the private sector. It was driven by business and industry who got together and said what we are getting now is simply not making it, not cutting it, we are going to have to do something about it, and after getting together as business and industry, called education to the table and said what can we do about this.

We have come up with what we call the Tulsa Training Coalition as an umbrella organization over several organizations, each designed to deal with a specific sector of work force training.

Number one, the beginning was our school to work. School to work in Tulsa, Oklahoma, simply means that business has come into the classroom and effectively helped redo the curriculum and whatever else is necessary to make sure that there is a bridge made between the school and work or school and additional schooling and eventually on to the work site. That was called Career Partners Incorporated started back in 1990 at the request of business, and is a thriving organization today.

The second one was one called IndEx, Inc. This is one in which we train primarily AFDC mothers to work in a factory setting half a day, they will go into the factory that is operated by the Tulsa Chamber of Commerce and operate for a half a day and the other half a day take part in an educational program that is designed by four of our educational institutions. The purpose of that education is to, number one, how to get a job, number two, how to keep a job, number three, how to get promoted on the job.

Literacy obviously plays a big part in that, math skill plays a big part, blueprint reading, and we could go on, but everything that they can do to survive in industry, we teach that not only in the workplace, but also as part of the academic program for IndEx.

QUEST is an organization that the attachment B under my testimony will show you that the QUEST is an upgrade for incumbent workers. Literally QUEST goes inside the organization and works with a five-year plan most of the time to try to upgrade every individual to be able to compete in not only today's market, but in the 21st century.

The Private Industry Council was discussed earlier by Mr. Williams as a part of the organization that reports to the Tulsa Training Coalition, and I think you probably know the purpose and intent of that particular organization.

The Literacy Coalition is one that is designed strictly to be able to raise the literacy of every individual who participates in any way in Tulsa County to a level that they can function in society as well as in the job.

What does this mean in terms of real people? Well, last year, after a couple years of operating the School to Work, we had a reception at the Chamber and I emceed that reception, and after it was over with, a huge black gentleman came up to me and stuck his hand out and my arm disappeared almost to the elbow, that is how big he was, and he said I would like to talk to you a minute about what you have done to my granddaughter. Well, that scared me to death because I hoped that what I had done to his granddaughter was certainly in keeping with what he wanted done. He said I don't think you understand what she really got a hold of when she was a junior in high school. I would like to take her and put her alongside anybody else that graduated as a valedictorian in this county this year for maturity, he said she was going nowhere, you focused her and brought her in line with something, she now knows what she is going to do with her life, and that maturity has made her where she is moving on down because she was certainly bouncing off the walls as we express it in Oklahoma at that point.

The second one, the IndEx Program, we have a lady now that practically runs the program, one that I was referring to that we take AFDC moms, she had been 17 years drawing a welfare check without ever drawing any kind of private sector check. She had been through two or three training programs that didn't seem to take or else wasn't what she wanted to do, and when she finally found us, she found a home because now we couldn't operate the place without her.

She simply sets all the production schedules, holds all the production meetings, contacts all the employers and the people who are providing the work to be done there, and I don't know whether we could run the place without her, to tell you the truth about it, and that was after 17 years on the welfare system when everybody thought that most of those folks like that just didn't want to work.

What does this mean in terms of numbers? Well, 500 young people will in fact graduate this year on jobs all the way up to $30,000 a year. Since 1992, 90 partners have committed more than $700,000 in cash and in-kind contributions. Three things, one, a coordinated systematic approach, an employer-driven effort, and strong local leadership.

Finally, what can we do, what would I suggest? One, leadership structure, don't borrow existing leadership structure and impose that in any new bills directing this. Don't take the leadership structure that is there and simply say it has to be consolidated.

Organization of component activities, don't be so definite in prescribing it that you actually from Washington direct exactly how that organization of those programs are going to look.

Third, make it with competition. I don't mind that at all. It ought to be either of quality, the program should be or it shouldn't exist, not just on sheer numbers, but it ought to be by quality, too.

Partnership, finally, is the key, and that means the Chamber of Commerce, that means all of the schools, all of the educators, all of everybody involved in it, but certainly the employer has to be considered in any of these training programs if they are going to be a success.

Thank you, sir.

Chairman McKEON. Thank you.

[The prepared statement of Wayne Rowley follows:]

Testimony before the Subcommittee on Postsecondary Education, Training, and Lifelong Learning, Committee on Economic and Educational Opportunities, U.S. House of Representatives

February 6, 1995

Submitted by:
Mr. Wayne Rowley
Director of Human Resource Development
Metropolitan Tulsa Chamber Of Commerce
616 South Boston, Suite 100
Tulsa, Oklahoma 74119

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to comment on our experiences in Tulsa with regard to federal workforce development programs, and how they may relate to your efforts to create -- as you stated in your invitation letter -- a "more streamlined, effective, and consumer-oriented system."

"I am here to testify on behalf of the U.S. Chamber of Commerce, the world's largest federation of businesses. The Chamber's membership includes 215,000 businesses, 3,000 state and local chambers of commerce, and 1,200 trade and professional organizations. The Chamber has had a long-standing interest in education and training and improving the skills of American workers."

The Tulsa Training Coalition

As the Director of Human Resource Development for the Metropolitan Tulsa Chamber of Commerce, I serve as the Executive Vice President for the Tulsa Training Coalition, a non-profit corporation created to provide coordination and employer oversight for a broad range of local workforce development efforts. These efforts are producing some promising results. For example, tomorrow night, several hundred dislocated workers and their families will spend part of their evening at the University Center at Tulsa to enroll in Tulsa's employer/job matching database and listen to speakers from local business and industry. And next Fall, a total of 500 high schools students will enter their first, second, and third years of a school-to-work curriculum, completion of which will offer them employment by local industry partners, not at entry level, but at mid-range on the salary scale, as high as $30,000 per year.

The Tulsa Training Coalition reaches out to various worker populations, with components that include a welfare-to-work program, our Private Industry Council, a training and development program for incumbent workers, literacy coalition, and our local school-to-work partnerships. Specifically, these Coalition "sub-systems" include:

Industrial Exchange, Inc. (IndEx) is a welfare-to-work program for AFDC mothers, operating as a 501(C)3 non-profit corporation. IndEx provides pre-employment skills training, basic skills education and work experience to develop the competencies which employers demand for entry to the workforce. IndEx addresses the training and employment needs of the economically disadvantaged, chronically unemployed and under-employed.

Career Partners, Inc. (CPI) (See Attachment C) facilitates Tulsa's local school-to-work partnerships between education (secondary, vocational and post-secondary,) integrated academics, technical and work-based opportunities for in-school and out-of-school youth. CPI's activities encourage our youth to pursue a high-quality education and work experience in the following occupational clusters:

- Metalworking and other skilled crafts (Craftsmanship 2000)
- Heath and bio-science (McLain Health Academy 2000)
- Economics, small business and entrepreneurship (American Business)
- International business (International 2000)
- Transportation
- Telecommunication

As business and industry demand, CPI will develop partnerships to address future occupational clusters. All CPI partnerships are industry-driven to provide relevant education and training for actual jobs.

One-Stop Career Center/Job Bank Initiative was developed through a partnership with the City of Tulsa, Tulsa Area Human Resource Association (TAHRA) and the local chapter of the American Society for Training and Development (ASTD). The job bank database provides an employer-driven computerized system which matches employer job skill requirements with those of potential employees. The database will be developed to provide timely and accurate local labor market information to customers which is driven by actual jobs available with local employers.

QUEST is a consortium of local educational agencies (Tulsa Public Schools, Tulsa Technology Center, Tulsa Junior College and University Center at Tulsa.) QUEST was formed as a non-profit corporation to provide professional training and development opportunities for incumbent workers. Numerous businesses have contracted with QUEST to provide their employees with basic academic skills upgrades, skills training and workshops on team building and other productivity issues. QUEST also provides specialized vocational and technical training required to adapt to technological advances.

BEST COPY AVAILABLE

Tulsa Literacy Coalition serves as a central coordinating body for all existing literacy programs and efforts in the community. The Literacy Coalition identifies and helps address unmet needs in the area of literacy; educates the general public about the social problems associated with illiteracy and the necessity of improving literacy; and designing and implementing model community-wide literacy programs.

Private Industry Training Council (PITC) provides employment and training opportunities to disadvantaged youth, adults and dislocated workers. PITC's programs are funded through the federal Job Training Partnership Act (JTPA).

The Tulsa Training Coalition Approach

As you requested, I will comment on components of our approach in Tulsa that have helped lead us to our initial successes, and are now key to the expansion of our enterprise. These components are categorized as follows:

- a coordinated, systemic approach;
- an employer-driven system; and
- a local leadership structure.

A Coordinated, Systemic Approach.
As the model in Attachment A indicates, our system takes into account the key variables that most profoundly impact workforce development efforts. While constantly monitoring changing needs for skilled labor (in Tulsa, as well as the national and global economies) we remain focused on the bottom line for our community: employment sector outcomes, which range from jobs to increased productivity to skills upgrades and continued life-long learning.

Assessment and Placement -- through a "One-Stop" diagnostic system -- is the starting point for the workers we assist, who generally fall into four categories: (1) the chronically under- and unemployed, (2) dislocated and transitional workers, (3) youth making the "school-to-work" transition, and (4) "incumbent" workers in need of continuing education, training and development opportunities. Beyond the assessment point, we provide referrals and placements to the various subsystems described above, which offer opportunities ranging from "IndEx" welfare-to-work programs, PITC employment and training programs, "QUEST" training and development opportunities for incumbent workers, Literacy Coalition programs, and Career Partners, Inc. school-to-work programs. These subsystems are continually monitored through case management services from local community-based organizations, and support offered by the Chamber of Commerce. They are supported by a common Job Bank, joint evaluation and reporting system, as well as a research and development base.

An Employer-Driven System.
The Tulsa Training Coalition is not a program or a project, it is an enterprise. We have approached career development in a business-like way and our business and industry partners participate far beyond supporting the effort: they lead the effort. As the chart in Attachment B shows, managers and officers from local businesses and corporations act as chairpersons of the boards of each of the subsystem components (IndEx, PITC, QUEST, Literacy Coalition, Career Partners, Inc.). In addition, local businesses and industry have made impressive and substantial financial commitments to the local partnership. For example, by the time the first group of Career Partners students complete their program in 1996, over more than 90 local partners will have contributed more than $700,000 to the effort in the form of cash and countless hours of in-kind contributions.

Business and industry people in Tulsa do more than sit on boards, they participate in the day-to-day operations of Coalition activities: they provide staff to train student employees, they help to place unemployed workers and provide professional mentoring; they oversee even such detailed work as the development of curricula in various occupational areas. It is this kind of involvement and commitment in all aspects of the Coalition that has enabled us to not only produce results, but continue to expand our efforts on behalf of employers and employees.

Local Leadership Structure.
As the charts in Attachment B show, the Coalition's oversight committee includes key local leaders such as the Mayor, the Superintendent of Schools, as well as state and federal legislative representatives and officers of local businesses and corporations. The head of every educational institution, major corporation, provider of placement and training services, and civic-oriented organization in Tulsa is involved in the Coalition's oversight, its current activities, and its continual assessment of how to meet ever-changing local labor market needs.

Comments on Legislation to Streamline The Federal System

While the Tulsa Training Coalition has taken advantage of applicable federal funding opportunities (we were awarded a School-To-Work Opportunities grant and we are applying for One-Stop Career Center funding under the Wagner-Peyser Act), *we urge you to model any new workforce development legislation in such a way that it does not require already viable entities such as ours to conform to yet another detailed set of federal legislative provisions*. Specifically, we urge the Chairman, the Subcommittee, and the Committee to ensure that existing successful programs maintain flexibility in terms of the following aspects:

Leadership Composition. We support efforts to reinforce the involvement of business and industry in workforce development efforts, such as those we saw in the last year's workforce development bill HR 4407. In Tulsa, our private sector partners are at the very core of what we do. Accordingly, we ask you to look carefully at the composition of local workforce development boards. Existing workforce policy councils are not necessarily the groups best equipped to lead local areas in cutting edge, efficient, employer-focused efforts.

For example, in Tulsa, our Training Coalition Oversight Committee has already secured impressive support and participation by all local leaders key to its successful efforts -- yet it is not the "existing workforce policy council" which, under Section 231 of HR 4407 from last year may be designated as the "Local Workforce Development Board." Consequently, if this legislation is passed into law, we could face a situation where either (1) our already efficient, operating leadership board would have to be restructured or dismantled in order to comply with federal legislative requirements, or (2) a second, duplicative Local Workforce Development Board -- overlapping in function as well as in membership -- would also be established, making for more of the very kind of inefficiency and waste the Committee is seeking to eliminate.

Organization of Activities. Certain existing legislation prescribes extensive details with regard to how particular aspects of workforce development efforts should be structured. For example, in the U.S. Department of Labor notice of availability of funds and solicitation for Grant Application regarding "One-Stop Career Center System Local Grants" published in the December 21, 1994 Federal Register, great detail is provided about how funded Centers should operate. Although the notice states that community systems "may include many variations," the listed requirements are more applicable to a Center with one physical location, as opposed to the technology-driven approach the Tulsa Training Coalition has taken with a "One-Stop System" approach to assessment and placement, (which provides great accessibility with a computer-accessed system with accessibility from a multitude of physical locations). We encourage the Committee to minimize component-specific requirements which may not be applicable to all local needs, situations, and innovations.

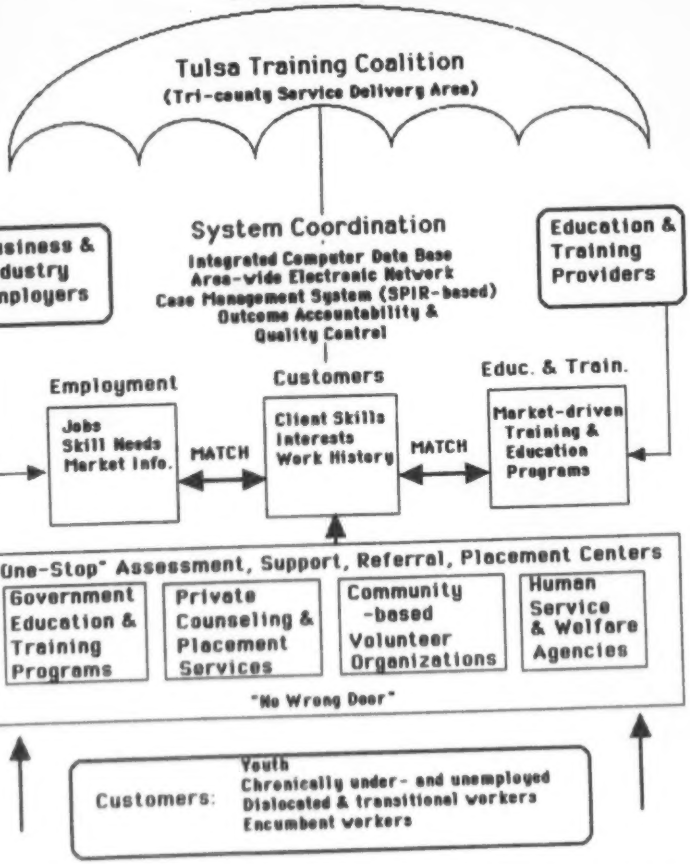
Competition. We encourage the Committee to retain certain competitive aspects of existing workforce development programs, especially those that allow for local entities to compete directly for federal funding for exemplary efforts. It is not uncommon for local partnerships to sometimes lead their particular State in approaching workforce development needs. For example, Tulsa's School-To-Work efforts have not only resulted in the training Coalition successfully competing for federal funds; they have resulted in a local effort that will now serve as a model for School-To-Work and other workforce development efforts at the state level. *In our view, the competitive aspect of funding is key to the efficient expenditure of federal funds -- from our business- and employer-oriented point of view, the federal government's money will best be invested in enterprises that have demonstrated, through a competitive process, that they are most likely to succeed.* Similarly, we support the notion of "seed money" -- such as that granted through the School-To-Work Opportunities Act -- for local and state programs in order to assist their initial development and implementation as they build their base of private sector contributions and support. We view this approach as a fiscally prudent alternative to ongoing government funding on which programs can become dependent, and because of which, programs may lack incentive to develop public-private partnerships.

In closing, I would like to say that "partnership" is indeed the key to our initial success in Tulsa, as well as our hopes and plans for continuing success in helping employers find the employees they need to keep our economy growing and competitive. We are proud to count the federal government as one of our partners, and we are honored to have the opportunity to participate with you in your important work in the 104th Congress. Thank you.

Attachments

A - Tulsa Systemic Framework for Education and Workforce Training Reform
B - Tulsa Training Coalition
C - Career Partners, Inc.

(Attachment A)


Tulsa Training Coalition
(Tri-county Service Delivery Area)
System Coordination
Integrated Computer Data Base
Area-wide Electronic Network
Case Management System (SPIR-based)
Outcome Accountability &
Quality Control
Business & Industry Employers
Education & Training Providers
Employment
Jobs
Skill Needs
Market Info.
MATCH
Customers
Client Skills
Interests
Work History
MATCH
Educ. & Train.
Market-driven Training & Education Programs
"One-Stop" Assessment, Support, Referral, Placement Centers
Government Education & Training Programs
Private Counseling & Placement Services
Community-based Volunteer Organizations
Human Service & Welfare Agencies
"No Wrong Door"
Customers:
Youth
Chronically under- and unemployed
Dislocated & transitional workers
Encumbent workers

An Enterprise Driven Community-Based Training System

TULSA, OKLAHOMA

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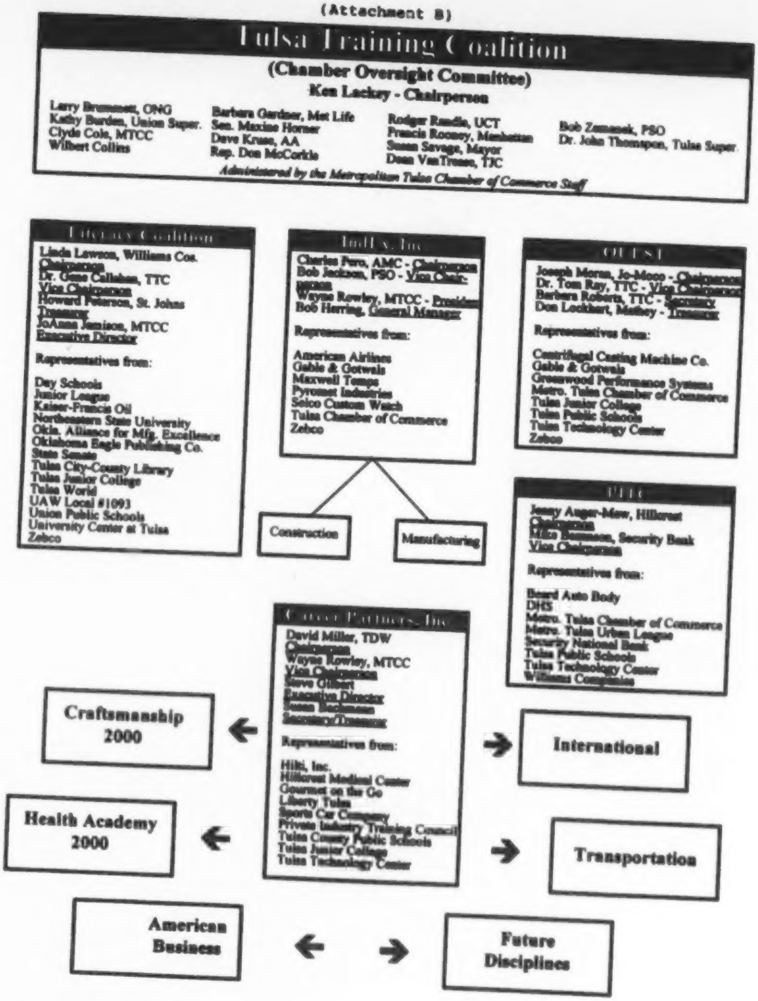
(Attachment B)



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STATEMENT OF LAWRENCE KATZ, PROFESSOR OF ECONOMICS, HARVARD UNIVERSITY

Chairman McKEON. Mr. Katz.

Mr. KATZ. Mr. Chairman and Congressman Williams, I appreciate the opportunity to testify this afternoon about what needs to be done to improve and reform the U.S. work force preparation system.

To move towards establishing a more effective work force preparation system, obviously one thing we have to know is know what is working and what is not working in the current system. Over the last year and a half or from the beginning of 1993 through the fall of 1994, I was the Chief Economist at the Department of Labor here, and we spent a substantial amount of time reviewing comprehensively to the extent possible a fast growing burgeoning literature in social science evaluating the large number of programs currently operating as well as past programs and pilot projects to look at what is working and what isn't working and what is likely to work.

What I would like to do today is provide a brief summary of the findings which are contained in more detail in a report that was issued last month by the Department of Labor entitled, "What's Working And What's Not."

Before doing that, the one thing that we have found through all our research is that this is an extremely important issue. Any way you cut the data, the importance of education and training has increased in the U.S. economy. Over the last 15 years the returns to education have gone up, the gaps between the earnings of those with college degrees and those without have increased, and similarly the gaps in earnings between workers who receive training on the job versus other workers have increased, firms that are training their workers are performing better, workers at those places are earning more, so this is an extremely crucial issue.

In order to evaluate how effective different approaches are, as Mr. Crawford noted earlier, one can't just look at a program and see how many people got placed because obviously those people might have been placed without the program. One can't just look at what their average earnings are because we don't know what their earnings would have been if they hadn't been in the program.

The question one has to ask is how well do people do who go through a program, through an education policy is that relative to what they would have done without it. There are essentially two ways you can do that. The preferred manner is to actually do a true social science experiment where it is randomized, who goes into the program and who doesn't. There you are actually pretty clear you are going to learn the right answer as to what is happening since who ends up in a program or not is not determined by other factors that affect how well people do in the labor market, whether they end up having other social programs.

The second is to try to find some natural experiment in the world, one community where they built a community college versus another one that didn't, one State that did a particular change in policy versus another State to try to learn the effects and control for the differences.

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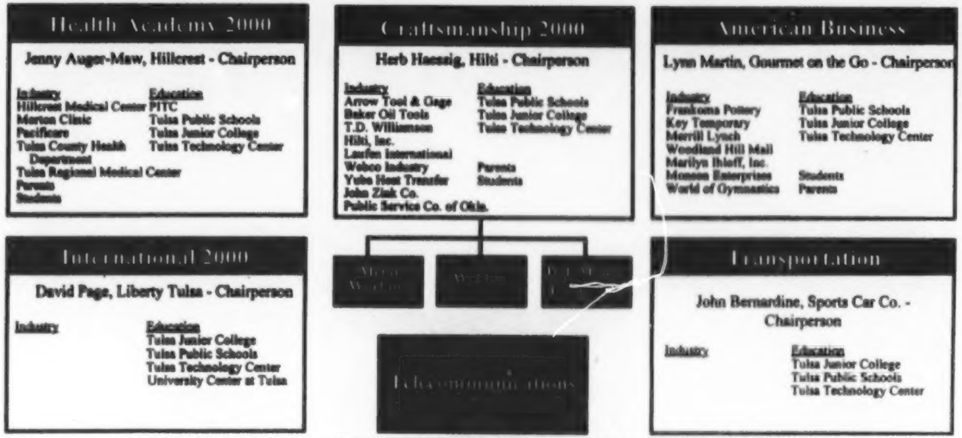
Partnerships



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NOTE: Future partnerships will be developed based on local labor market demands of business and industry.

(Attachment C)

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There is a large literature that has developed that has looked at our existing programs doing that, and I think the following conclusions can be drawn from that: First of all, there are two important success stories in the current work force preparation system. The first is postsecondary education and mainstream institutions, community colleges, and four-year colleges. The rates of return to expanding educational attainment here appear to be very high, not only from people from advantaged backgrounds, but from middle class families and for those from more disadvantaged backgrounds.

When you build a new community college, when you increase access to higher education, more people end up doing it and their increases in earnings seem to be quite substantial, 8 to 12 percent a year.

The second important success story is employer-based training. The private sector training seems to have a very high return. Those workers who get it do quite successfully, it is a major part of our system. The worry here is that there are a lot of workers who seem to be left out, or out of jobs, or those who do not seem to receive a lot of employer-based training, but those are two clear success stories.

The record on our large array of public programs and nonprofit programs is one where there are success stories, but there are also some mixed set of results, and I would like to quickly discuss the findings for three groups—youth, disadvantaged adults, and experienced workers who have lost jobs, dislocated workers.

For youth the record is decidedly a mixed one. We have found it very difficult to turn around the lives of disadvantaged youth who have dropped out of school. The current JTPA system as well as the previous CETA system do not seem to be especially effective at turning around the lives of disadvantaged youth, do not appear to have very high returns.

On the other hand, starting earlier in high school, keeping people from dropping out does seem to be an effective routine so that investments in high school dropout prevention and school-to-work programs seem to be much more promising forms than some of the current JTPA second-chance programs, although one can't ignore them and the Job Corps has had some success, it is much more difficult there.

The second area is that of disadvantaged adults, and here our current system does seem to have higher returns, modest improvements in earnings, given modest investments for both adult women and adult men that look like other investments in education, JTPA for adults seems to be reasonable.

For dislocated workers, we have found again a mixed record. Early intervention, job search assistance, getting people into new jobs quickly where they can receive private sector training appears to be very cost-effective for the government, it is something that there currently are moves at doing. The results for training again differ. Short-term training for dislocated workers has not proved very effective. Training at mainstream educational institutions, community colleges does appear to be effective.

In conclusion, I would just want to note expanding access to higher education and further training in firms seems to be very important. The other important note is even the same sort of programs have tremendous variation across areas and for the groups they are doing. There is no one-size-fits-all strategy that will work. Giving individuals more choice and giving more local flexibility has to be a positive step forward.

Chairman McKEON. Thank you very much.

[The prepared statement of Dr. Lawrence Katz follows:]

Lawrence F. Katz
Harvard University

Mr. Chairman and other distinguished members of the Subcommittee on Postsecondary Education, Training, and Lifelong Learning, I appreciate the opportunity to testify before you on the issue of how to improve and streamline U.S. workforce preparation programs. To move towards establishing a more effective and efficient workforce preparation system, we need to understand what's working and what's not in the current collection of Federal career-education, training, and employment-assistance programs. Fortunately a large and burgeoning evaluation literature has examined the impacts of many past and existing programs on employment, earnings and educational achievement as well as their cost effectiveness. During my tenure as Chief Economist at the U.S. Department of Labor, we devoted substantial effort to comprehensively reviewing this social science evidence on the economic impacts of employment, training, and education program. This effort has continued in recent months under my successor, Alan Krueger, and the findings are contained in a U.S. Department of Labor report entitled What's Working and What's Not (U.S. Department of Labor, 1995). I would like to discuss with you what has been learned from this intensive study of the effectiveness of both demonstration projects and existing programs.

In my testimony today, I will begin by reminding the Committee of the nature of recent changes in the U.S. economy that have twisted the labor market against less-educated and less-skilled workers and in favor of those with problem-solving skills and postsecondary training. Second, I will summarize the research findings concerning the effectiveness of programs for youth, disadvantaged adults, and dislocated workers. Finally, I will make some brief comments on the implications of these findings for proposals to establish a more effective workforce preparation system.

I. Rising Inequality in Labor Market Outcomes and Rising Returns to Skill

Family income inequality increased substantially in the United States over the last two decades. The enormous disparities in the fortunes of American families in recent years have largely been associated with labor market changes that increased overall wage inequality and altered the wage and employment structure in favor of the more-educated and more-skilled. These changes have been carefully documented by researchers using a variety of data sets, including household survey data from the Current Population Survey, other household surveys, and establishments surveys (e.g. Levy and Murnane, 1992).

Recent broad changes in the U.S. wage structure can be summarized as follows:

o From the 1970s to the early 1990s wage dispersion increased dramatically for both men and women reaching levels of wage inequality for men that are probably greater than at any time since 1940. The hourly earnings of a full-time worker in the 90th percentile of the U.S. earnings distribution (someone whose earnings exceeded those of 90% of all workers) relative to a worker in the 10th percentile (someone whose earnings exceeded those of just 10% of all workers) grew by approximately 20 percent for men and 25 percent for women from 1979 to 1989. The gap increased further in the early 1990s.

o Pay differentials by education and age increased. The college/high school wage premium doubled for young workers with weekly wages of young male college graduates increasing by some 30 percent relative to those of young males with twelve or fewer years of schooling in the 1980s. In addition, among workers without college degrees the wages of older workers rose relative to those of younger workers. The returns to both formal schooling and workplace training appear to have increased.

o Wage dispersion increased within demographic and skill groups. The wages of individuals of the same age, education, and sex, working in the same industry and occupation, were more unequal in the early 1990s than ten or twenty years earlier.

Since these changes in the wage structure occurred in a period of slow overall real wage growth, the less-educated and other low-wage workers suffered substantial real earnings losses relative to analogous individuals one or two decades earlier.

In summary, the returns to schooling, training, and skills have increased for both men and women. **Skills matter more in the labor market than in the past for both wages and employment.** Hours of market work also have become increasingly more positively correlated with measures of skill. Topel (1993) concludes that since the late 1960s unemployment and nonparticipation for males has become increasingly concentrated on those with low-wages and the least education.

Two groups of workers seem to have particularly suffered in terms of both wages and employment rates: young workers with limited education and experienced job losers (or dislocated workers). Less-educated youth appear to flounder in the labor markets for a substantial number of years. Diminished labor market opportunities for disadvantaged youth appear to be strongly related to serious social problems including crime, teenage pregnancy and welfare dependence, and idleness. Permanent job losses for previously high-tenured workers are typically associated with substantial and permanent losses of earnings power as previously specialized skills appear to become obsolete or rents from insulated positions in an internal labor market are lost (Jacobson, LaLonde, and Sullivan, 1993).

What explains these changes in the U.S. labor market? Most researchers conclude that the major cause of rising wage inequality and increased educational wage differentials since the 1970s is a strong secular shift in relative labor demand favoring more-educated workers and those with problem-solving skills (e.g., Bound and Johnson, 1992; Freeman and Katz, 1994; and Murphy and Welch, 1992). This relative demand shift has been the result of technological changes favoring more-educated labor inside almost every sector in the economy and sectoral shifts in employment away from sectors that have traditionally provided high-wage opportunities for less-educated workers. The supply side also played some role in the 1980s as the historic downward trend in the relative supply of less educated young workers weakened, due to the decrease in the rate of growth of the college graduate share of workers, and an influx of immigrants with less than a high school education. The decline in unionization and erosion in the real value of the minimum wage also appears to have contributed to a widening wage gap between more- and less-educated workers.

The continuing importance of the computer revolution and globalization strongly suggests that investments in education, training, and workforce adaptablility will be the key to maintaining and expanding a vibrant middle class.

II. What's Working and What's Not[1]

A large literature has developed providing careful microeconomic evaluations of the impacts of U.S. training and employment programs on labor market and other socioeconomic outcomes of economically disadvantaged individuals. The core question asked by evaluators is fairly straightforward: How different are the participants' outcomes (earnings) following entry into the program from the outcomes (earnings) that they would have experienced had they not participated in the program? But this question is often difficult to answer persuasively or precisely in practice. The assessment of program impacts requires the comparison of the outcomes of program participants to those of a similar group of individuals who did not participate. The most compelling evidence on program effectiveness comes from evaluations using a true experimental design in which eligible individuals are randomly assigned into a treatment group that receives program services and a control group that receives no services. While a growing number of programs and demonstrations have received experimental evaluations using random assignment, program evaluators often must use nonexperimental methods to adjust for differences in the outcomes (earnings) between treatment and control groups that would have occurred even in the absence of the treatment group's program participation. The results of such nonexperimental studies are often quite sensitive to how the comparison group is chosen and to the specification of the earnings and program participation equations.

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[1] This section draws heavily on Katz (1994) and U.S. Department of Labor (1995).

I focus my summary of the evidence on evaluations using random assignment or the most convincing "quasi-experimental" approaches. I will first discuss general findings on the returns to postsecondary education and then evidence on specific programs that target youth, disadvantaged adults, and dislocated workers.

Postsecondary Training: Extensive evidence is available on the benefits of post-secondary education provided at both community colleges and four-year colleges and universities. The effects of higher education are very positive, and have been steadily increasing over the past 20 years:

o A year of post-secondary education is estimated to generate increased earnings in the range of 6% to 12%, and these earnings increases last throughout one's career.

o The income returns per year of credits completed are roughly similar for 2-year community colleges and 4-year colleges.

o Substantial earnings increases appear to result from completed post-secondary credits whether or not students finish formal degree programs.

Out-of-School Youth: It has proven difficult to improve the labor market prospects of youth who drop out of high school, but some successes have been uncovered. Subsidized work experience for disadvantaged youth has produced substantial gains in earnings and employment during the period of subsidized employment, but longer-term, post-program effects on employment and earnings typically have not been observed. Furthermore, evaluations of the major U.S. government programs offering relatively short-term skills training (lasting 3 to 6 months) to disadvantaged out-of-school youth -- youth programs under the **Comprehensive Employment and Training Act (CETA)** in the 1970s and under **Title II of the Job Training Partnership Act (JTPA)** which replace CETA in the 1980s -- indicate that they have not succeeded in significantly raising the employment or earnings of youth participants relative to comparison groups of youths. The **Job Corps** program, which, in contrast, offers intensive services in a residential setting and takes about a year to complete, appears to have much success in improving the future earnings of participants and reducing their involvement in serious crime.

JOBSTART was an attempt to replicate the successes of the Job Corps in serving severely disadvantaged high school dropouts, but in a less-intensive, nonresidential setting. JOBSTART proved successful in raising the educational attainment of participants, as measured by GEDs (high school equivalency certificates) and vocational licenses, but these educational improvements did not translate into significant earnings gains in the first four years following entry into the program. But the JOBSTART demonstration did have a bright spot in the impressive performance of one of the 13 sites -- the **Center for Employment Training (CET)**

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in San Jose, California. Youth at the San Jose CET site showed sustained annual earnings gains of over $3000 translating into a 40% earnings increase in the third and fourth years after entry into the program. CET produced similar large and persistent earnings increases for disadvantaged single mothers in an independent random assignment evaluation of the Minority Single Parent Demonstration. CET is marked by an emphasis on vocational skills training, in which basic academics and vocational instruction are closely intertwined. The program has also forged very close connections to the local labor market. The CET example suggests that moderately intensive, short-term youth training can work if provided with a no-nonsense, work orientation (as opposed to a "warm and fuzzy" approach emphasizing GED attainment without a strong link between learning and the labor market).

In-School Youth: The difficulty of effectively serving dropouts and the apparent high returns to additional formal schooling (as opposed to GEDs) for the disadvantaged both serve to underscore the importance of dropout prevention efforts.

The **Summer Training and Employment Program** (STEP) provided remedial academic education and jobs to disadvantaged youth aged 14 to 15 during two summers. It did not include a school-year component. The program proved successful in offsetting "summer learning loss" and improving short-run academic achievement. But these gains did not translate into longer run improvements in academic or labor market outcomes.

In contrast, there exists growing evidence that services for in-school disadvantaged youth which start early (when youth are 14 to 15 years old) and follow youth for multiple years through high school can reduce dropout rates. The **Quantom Opportunities Project** (QUOP) provided extensive long-term services to randomly selected students from families on public assistance (AFDC) in very poor neighborhoods. A four-year random assignment evaluation found that QUOP participants were far more likely to graduate from high school and go on to college than the control group. Fully 42% of QUOP participants went on to college, while only 16% of the control group did. Two large projects evaluated by random assignment as part of a series of U.S. Department of Education dropout prevention demonstrations, which focused on at-risk youth in vocational education, were also quite successful cutting dropout rates by over 50%. However, some smaller demonstration programs have proved less effective.

Furthermore, policies to increase the years of schooling at mainstream educational institutions (high schools, community colleges, and universities) for the low- and modest-income families appear to have a high economic payoff. Card's (1994) recent survey of the literature suggests that an additional year of schooling increases the future earnings of those from disadvantaged families by approximately 8% to 12% a year. The college enrollment decisions of those from low-income families also appear to be somewhat sensitive to direct college costs. Thus increased financial assistance for higher education targeted at those from modest-income backgrounds appears to be a good investment. These high returns to mainstream schooling combined with more disappointing results from interventions for out-of-school youth indicate that interventions to reduce high school dropout rates and school-to-work programs linked to community colleges and employer-training are fruitful areas for investment and further research and experimentation.

Disadvantaged Adults: A number of training and job search assistance programs for disadvantaged adults have achieved significant improvements in earnings, especially for women. Although this training is typically short-term, the results for adults contrast sharply to the often disappointing impacts observed for youth. CETA training programs produced significant earnings gains only for women participants, while the programs under JTPA Title II-A succeeded in improving earnings for both men and women.

The large-scale experimental evaluation of JTPA found that disadvantaged adult participants earned an average of $940 more than controls during the second year after leaving the program. This represented an increase of 10 percent for men and 15 percent for women as compared with what they would otherwise have earned. The impacts of the program varied according to the type of services provided: generally, short-term classroom training was the least successful, and a combination of on-the-job training and job search assistance produced the best results. Subsidized employment approaches have also been successful in producing long-term earnings improvements for disadvantaged single mothers. A wide variety of employment and training programs for adult female public assistance (AFDC) recipients appear to generate modest (but statistically significant) earnings increases that persist for at least several years, and most of the evaluated interventions appear cost-effective. But the increases in earnings have typically not been great enough by themselves to greatly reduce poverty rates among participants indicating the important complementary role required of other efforts to make work pay such as the Earned Income Tax Credit and minimum wage.

Employer-Provided Training: Employers themselves are a major source of training for their workers. Researchers are just beginning to seriously examine the impacts of employer training, but the early evidence is promising indicating sizeable effects of private sector training on worker earnings and firm productivity. Different types of training and learning appear to be strong complements: learning begets learning. Workers with greater formal education receive greater amounts of private sector, employer-provided training.

Dislocated Workers: Many dislocated workers have great difficulty finding new jobs that pay wages close to what they earned on their previous job. A variety of re-employment programs for dislocated workers have been tested, ranging from conventional training programs to bonuses paid upon receipt of a new job. Although many of these approaches are still experimental and are being used only in a few pilot programs, they have frequently been the subject of careful evaluations. The results indicate:

- Job search assistance targeted at dislocated workers who are identified as likely to be unemployed for a long period speeds the process of obtaining a new job. Experiments testing this approach in five states found that these services created significant reductions in Unemployment Insurance (UI) costs. Dislocated workers receiving job search assistance found work from about one-half a week to four weeks more quickly than they otherwise would have, with an average reduction of about one week in most states. Shortening the duration of unemployment spells produces large savings in the aggregate. Government saved about two dollars for every dollar invested in targeted job search assistance services.
- Early intervention seems to be useful. Early intervention was one of the keys to the successful job search assistance experiments for UI recipients, and an evaluation of the JTPA training program for dislocated workers found that those localities which aggressively marketed services to workers early in their spell of unemployment were more successful in finding jobs for clients.

- Self-employment assistance programs significantly improve unemployed workers chances of starting a successful new small business, and improve their overall likelihood of employment. Two demonstrations found that about 50% of participants in self-employment programs started their own business, as compared to only 25% of similar persons interested in starting a business who did not receive self-employment assistance.
- Existing evaluations of short-term training programs for dislocated workers suggest that they do not significantly raise employment or earnings beyond the gains that would be expected from job search assistance alone. But some of the evaluated programs were temporary demonstrations that had difficulties finding training providers capable of putting together high-quality, short-duration training courses on short notice. Thus further research in this area would be helpful. A recent study of long-term training for displaced workers in Pennsylvania (Jacobson, LaLonde, and Sullivan, 1994) finds that training provided at a community college significantly increased the earnings of these workers (by 6% to 7% per each year of training). Educational benefits used for postsecondary training at mainstream educational institutions also appears to have significant payoffs to Veterans returning to civilian life (Angrist, 1994; O'Neil, 1977).

III. Conclusions

The following conclusions can be drawn from evaluations of employment, training, and education programs:

1) Public training programs and employment services have a mixed record of success, but

some services have been successful for every group examined. Both successes and failure have been common. **Substantial variations in program effectiveness are apparent across providers using very similar models.** A large gap exists between the best and worst service providers in the U.S. workforce preparation system. The management philosophy and organizational culture of training providers and brokers appear to be key factors, as do the capabilities of the staff and quality of their interactions with participants. This argues against a "one-size fits all" approach and for an attempt to make good information and a wide variety of choices available to individuals trying to invest in their skills.

2) **Many employment services for displaced workers and the disadvantaged appear to be cost-effective investments.** Returns to society of $1.40 or more per dollar invested have been found in reliable evaluations of JTPA training for disadvantaged adults, the Job Corps, the San Jose CET, many welfare-to-work programs, and job search assistance for displaced workers. A consistent finding across many evaluations is that **training and employment services for disadvantaged adults appear to be sound investments that raise employment and earnings, especially for women**

3) **Efforts at reducing early school-leaving targeted on at-risk students are crucial and can be quite effective if they start early enough and are sustained throughout the period of secondary schooling.** The high returns to mainstream secondary and post-secondary schooling and low returns to less-intensive education (such as GED's) argue strongly in favor of efforts at dropout prevention and effective paths to post-secondary education and training.

4) Results from successful programs are significant but moderate on average. The improvements created by employment and training programs do represent real gains for society and for the individuals involved. However, training programs for the disadvantaged do not lift the average participant out of poverty, even when they succeed in significantly increasing participant earnings. Participants in successful training programs for dislocated workers receive earning substantially above what they would have attained without the program, but often not enough to restore their earnings to their pre-displacement level.

5) Private sector and public sector training and employment services are not mutually exclusive opposites. Learning begets learning so that an effective public sector system of training will help private firms make more effective training investments.

6) Continued progress requires additional evaluation evidence. There are many areas where little thorough and reliable evaluation evidence is available. Many programs that have been tested are small scale, raising questions about whether they can be replicated. Few reliable evaluations of the impacts of training on dislocated workers is available. Little evidence is available on the effectiveness of policies to promote private-sector, employer-provided training for incumbent workers. The evaluation of existing programs and of demonstrations should remain a Federal role in a reformed workforce preparation system. Substantial externalities (spillovers across state lines) are present in the knowledge developed by such research. There are also important advantages to a centralized clearinghouse of information on research findings.

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What's Working (and what's not)

A Summary of Research on the Economic Impacts of Employment and Training Programs

U.S. Department of Labor

Office of the Chief Economist
January 1995

SUMMARY

This review summarizes the best quantitative evidence that is available from the evaluation literature on the impacts of past and existing programs on such tangible outcomes as employment, earnings, and educational achievement. It relies to the extent possible on studies that use a random assignment approach. Programs that target youth (age 14 and over), disadvantaged adults, and displaced workers are reviewed. All dollar figures are expressed in terms of their equivalent value in 1993 unless otherwise indicated.

Education and Jobs for Youth 14 to 21

This section examines programs that aim to facilitate young people's movement into first jobs. It also discusses several programs that have tried to help high school students at risk of dropping out.

In-School Youth: As discussed below, it has proven difficult to improve the labor market prospects of youth who drop out of high school. This underscores the importance of efforts to reduce the number of dropouts. Existing research on dropout prevention efforts indicates that such programs can and often do work well, but they are difficult to operate effectively. Many programs have increased high school graduation rates, but many others have not.

Perhaps the most notable recent success among programs for in-school youth is the Quantum Opportunities Project (QUOP). The program provided intensive academic assistance, mentoring, counseling, and college planning to randomly selected children in AFDC families starting in the ninth grade. A four-year random assignment evaluation found that QUOP participants were far more likely to graduate high school and go on to college than members of the control group. Fully 42% of QUOP students went on to college, while only 16% of the control group did.

There are a number of other programs reviewed below which have shown success in reducing dropout rates among at-risk youth. For example, several programs funded as part of a series of U.S. Department of Education demonstrations, which focused on at-risk youth in vocational education were quite successful. Two large projects which were evaluated using random assignment techniques succeeded in cutting dropout rates by over 50%. However, some of the smaller demonstration projects were not as successful.

Several other dropout prevention programs appear not to have produced long-term improvements in high school graduation rates. The Summer Training and Employment Program (STEP) was a short-term summer program which provides disadvantaged youth with remedial education and jobs. Elements from the STEP demonstration have been incorporated into the educational elements of the Department of Labor's Summer Youth Employment and Training Program.

At the end of two summers in STEP students show significant improvements in achievement test scores at a low cost. Despite the short-term improvements created by the program, when STEP graduates are reexamined several years later they show no significant improvements in graduation rates. The STEP experience may show the limitations of short-term summer programs alone in addressing the serious disadvantages faced by some youth.

Another approach to assisting in-school youth is through subsidized employment. This approach appears to have been successful in greatly increasing employment and earnings among disadvantaged youth during the period that the subsidized job is provided. That is, many of the youth employed by subsidized employment programs would not have found other jobs in the absence of a government funded jobs program. But evidence is lacking on longer-term effects.

The Summer Youth Employment and Training Program (SYETP) provided summer jobs to 620,000 disadvantaged youth in 1993. The program appears to greatly increase summer employment rates among disadvantaged youth in sites where jobs are provided. Using data on minority employment and SYETP placements in various states, researchers estimate that for every 3 SYETP jobs provided, 2 youth are employed who would otherwise not have worked that summer. There was little evidence of displacement found. However, researchers have not yet investigated whether SYETP creates positive long-term impacts on employment after participants leave their summer jobs.

More information about SYETP comes from a recently completed survey of program participants and their employers. Ninety percent of respondents (both participants and supervisors) reported that the work performed was useful to the employer.

The Youth Incentive Entitlement Pilot Project (YIEPP) was a demonstration program active from late 1978 to early 1981 which guaranteed full-time summer jobs and part-time school year jobs to disadvantaged youth who stayed in school. Disadvantaged youth aged 16 through 19 who had not graduated from high school were eligible for the program. All the jobs offered were at the minimum wage.

YIEPP appears to have roughly doubled the employment rates among 16 to 18 year old disadvantaged black youth at program sites. This dramatic increase in employment indicates that these disadvantaged youth wanted to and did work once they were given the chance. But YIEPP did not succeed in its major educational objectives. Despite the school enrollment requirement attached to the jobs, researchers estimated that the growth in employment under YIEPP did not lead to increased rates of high school enrollment or graduation for program participants.

Disadvantaged Out-of-School Youth: Much evidence is available on employment and training programs for disadvantaged out-of-school youth such as high school dropouts. The findings include:

- Relatively short-term (3 to 6 month) skills training was provided to disadvantaged youth under the Comprehensive Employment and Training Act (CETA), the government's major training program for disadvantaged youth during the 1970s, and the Job Training

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Partnership Act (JTPA), which replaced CETA in the 1980s. Both of these programs have been found to be unsuccessful in raising youth employment or earnings. However, there was only a limited differential in training hours between JTPA youth and the control group they were compared to. This limited "treatment" differential makes it difficult to find the kind of moderate but positive impacts that could be expected to emerge from short-term classroom training. Nevertheless, it does not appear that JTPA youth training has significant positive impacts. This is a contrast to JTPA training for adults.

- In contrast, the residential, high intensity Job Corps program, which costs about 4 to 5 times what JTPA Title II training does and takes about a year to complete, has shown marked success in improving future earnings. A late 1970s study found that Job Corps youth — who come from very disadvantaged backgrounds — experienced an average annual earnings increase of 15% (or around $1,000) over a four-year follow-up period. Participants also committed fewer serious crimes. The study estimated that the program creates benefits to society about 45% greater than its costs.

- The Jobstart demonstration tested various approaches to short-term, moderately expensive training for youth at 13 different sites. At 12 of the sites participants fared no better than the control group. The exception was the San Jose Center for Employment and Training (CET), which had very impressive results. Annual earnings for participants improved by over $3,000. CET is marked by an emphasis on vocational skills training, in which basic academics and vocational instruction are closely intertwined. The program has also forged very close connections to the local labor market. The CET example suggests that short-term youth training can work if it is provided with a strong labor market orientation.

- Consistent with the findings for in-school youth, subsidized work experience for disadvantaged out-of-school youth has produced substantial gains during the period of subsidized employment. However, it has generally not had long-term positive effects on employment or earnings.

  It may be possible to combine subsidized employment with some form of education, training, or connecting activity in order to create lasting improvements in labor market outcomes for youth. There is some limited evidence of positive outcomes from a pilot program (Alternative Youth Employment Strategies) that did this, but further experimentation is needed.

- Job search assistance may produce short-term benefits for disadvantaged youth, but the evidence is mixed — some models have worked and some have not. Several relatively intensive and expensive job placement programs have succeeded in creating significant short-term earnings gains (mostly resulting from increased hours worked) for youth. However, youth recommended for job search assistance in the JTPA evaluation did not show gains in average earnings.

Young Single Mothers: A number of studies have examined targeted education and training programs for young (16 to 21 year old) single mothers. Many (though not all) of these interventions have produced moderate increases in participants' levels of employment and education. Programs that include strict mandates for participation have had some moderate success in improving outcomes for these young women, while voluntary interventions targeted at the most troubled teen mothers (those who had already left school and remained out for long periods) have had the least success. But the overall level of poverty, welfare receipt, and high school dropout is disappointingly high even after participation in successful assistance programs.

Residence and Youth Outcomes: Evidence from a Chicago program ("Gautreaux") indicates that residential location can have a substantial effect on education and employment outcomes for youth. Through the program, poor black families, mostly on welfare, were given the opportunity to move from inner-city Chicago to predominantly white middle class suburbs outside the central city. Researchers compared a group of families who had been given the opportunity to move to these suburbs to a very similar group of families who were given the chance to move to other parts of the central city. They found that 7 years after moving, youth who moved to the suburbs had far higher rates of high school graduation and college enrollment than those who stayed in the city. The suburban youth also had much higher employment rates and wages.

Programs for Disadvantaged Adults

A number of training and job search assistance programs for disadvantaged adults have been found to improve earnings significantly. However, training programs alone often cannot lift many disadvantaged participants above the poverty line. These programs have proved to be cost-effective investments for society.

The CETA program for disadvantaged adults produced significant earnings gains for women participants, while JTPA yielded significant earnings gains for both men and women. The success of these short-term programs for adults is in marked contrast to their disappointing results for youth.

The evidence for JTPA is particularly persuasive, since it is based on a large-scale experimental design. This research found that JTPA participants earned an average of about $940 more than controls during the second year after leaving the program. This represented an increase of 10% for men and 15% for women over what they likely would have earned without JTPA participation. However, these earnings gains did not result in significant declines in welfare receipt.

The impacts of the program varied by the type of services provided to participants. In general, short-term classroom training was the least successful and a combination of on-the-job training and job search assistance was the most successful.

These earnings gains were substantially greater than the costs invested to produce them: JTPA services for adults produced social benefits about 50% greater than their costs within just 30 annual welfare payments in the same range. Some sites have been more successful — participants in the Riverside County program in California increased their average annual earnings by over $1,000, or 40%. Earnings and employment gains have generally been found to "fade out" within 5 years.

- Even with these moderate improvements, welfare-to-work programs have often been cost-effective, with reduced welfare payments and increased tax receipts outweighing program costs.
- Overall levels of poverty, welfare receipt, and unemployment remain high even after participation in these programs. For example, 80% of participants in California's welfare-to-work effort had family incomes below the poverty line 3 years after entering the program.
- Programs oriented toward job search have so far been more successful than programs emphasizing basic education.

Other Sources of Education and Training

This section discusses research on the effectiveness of our major post-secondary education institutions, as well as the role of employer-provided training.

Post-secondary institutions play a critical role in the employment services system. Government programs rely on such schools for many of the actual training services provided at the local level. For example, much training for displaced workers is carried out through community colleges.

Basic Education: Several studies have examined the impact of receipt of the General Equivalency Diploma (GED), the major basic education credential that out-of-school adults can seek. The emerging consensus on the impact of GED receipt is that when compared to high school dropouts, GED recipients show little gain in earnings or employment due to GED receipt alone. However, there is a modest positive impact of obtaining a GED on receipt of further post-secondary training, and this further training does produce some small earnings gains. In general, though, GED recipients appear to fare only slightly better in the labor market than seemingly comparable high school dropouts.

The GED appears to have more of a credentialing than a training effect. Most GED recipients study for just a few weeks in preparation for the test, which is unlikely to be enough time to greatly improve skills.

Reliable evidence on the impacts of more intensive adult basic education programs is scarce. However, studies of the impact of compulsory schooling laws have found evidence that these laws do result in measurable improvements in earnings and employment. Since compulsory schooling laws tend to affect students who are the least advantaged and the least academically skilled (other students remain in school without legal mandates), this suggests that basic education programs for the disadvantaged have a positive long-term effect.

Post-Secondary Education: Extensive evidence is available on the benefits of post-secondary education for its graduates. The effects of higher education are very positive, and have been steadily increasing over the past 20 years:

- A year of post-secondary education is generally estimated to generate increased earnings in the range of 6% to 12%, and these earnings increases appear to last throughout one's career. These estimates adjust for differences in preexisting ability levels between college students and others.

- The income returns per year of credits completed are roughly similar for 2-year community colleges and 4-year colleges.

- Substantial earnings increases appear to result from completed post-secondary credits whether or not students finish formal degree programs.

- According to Census Bureau data, the gap between the median earnings of males with a bachelor's degree or more and males with only a high-school degree has doubled from 39% in 1979 to 80% in 1993.

Employer-Provided Training: Employers themselves are a major source of training for their workers. Researchers are just beginning to seriously examine the impacts of employer training, but the early evidence is promising. Several studies indicate that employer-provided training can substantially raise firm productivity and improve worker earnings. However, it is difficult to draw firm conclusions about the magnitude of the impact at this time.

New Jobs: Re-Employment Programs For Displaced Workers

Many dislocated workers have great difficulty finding new jobs that pay wages close to what they earned on their previous job.

A variety of reemployment programs for dislocated workers have been tested, ranging from conventional training programs to bonuses paid upon receipt of a new job. Although many of these approaches are still experimental and are being used only in a few pilot programs, they have frequently been the subject of careful evaluations. The results indicate:

- Job search assistance targeted at dislocated workers who are identified as likely to be unemployed for a long period speeds the process of obtaining a new job. Experiments testing this approach in five states found that these services created significant reductions in Unemployment Insurance (UI) costs. Dislocated workers receiving job search assistance found work from about one-half a week to four weeks more quickly than they otherwise would have, with an average reduction of about one week in most states. There

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appeared to be no effect on weekly wages, indicating that workers did not have to settle for lower-paying jobs in order to find work more quickly.

Shortening the duration of unemployment spells produces large savings in the aggregate. Government saved about two dollars for every dollar invested in targeted job search assistance services.

- Early intervention seems to be useful. Early intervention was one of the keys to the successful job search assistance experiments for UI recipients, and an evaluation of the JTPA training program for dislocated workers found that those localities which aggressively marketed services to workers early in their spell of unemployment were more successful in finding jobs for clients.

- Self-employment assistance programs significantly improve unemployed workers chances of starting a successful new small business, and improve their overall likelihood of employment. Two demonstrations found that about 50% of participants in self-employment programs started their own business, as compared to only 25% of similar persons interested in starting a business who did not receive self-employment assistance. However, these programs are only suitable for a small percentage of unemployed workers.

- Reemployment bonus programs, which pay a reward to an unemployed worker when they find a new job before exhausting unemployment benefits, seem to accelerate the return to work. However, the evidence is mixed. Most experiments have found that the bonus offer decreases the average time spent receiving UI, but the effect on the actual amount of UI benefits received was usually too small to repay the cost of the program to government.

- Existing evaluations of short-term training programs for dislocated workers suggest that they do not significantly raise employment or earnings beyond the gains that would be expected from job search assistance alone. However, further research in this area would be useful.

- A recent study of long-term training for displaced workers in Pennsylvania finds that training for these workers did result in significant increases in earnings. The training seemed to bring social benefits at least equal to its costs. The evidence from this evaluation also indicated that only a minority of displaced workers are likely to seek long-term training.

More general evidence on the impacts of post-secondary education, especially findings of substantial returns from community college education, also provides overwhelming evidence of the positive effects of long-term training. In addition, the steady increase in the rewards for post-secondary education indicates that advanced skills are becoming more valuable in the workplace.

But few studies are available which test the effectiveness of long-term training specifically for dislocated workers.

Conclusions

Impacts By Type of Service Provided: Four basic types of employment services are commonly provided. The actual effects of these types of services naturally vary greatly depending on the quality of the program staff, the exact approach used, and the population being served. However, some general conclusions can be drawn based on the type of training services that are offered:

Job Search Assistance (JSA) has produced significant short-term positive impacts for every population group. The results for youth are somewhat mixed, though, as some JSA interventions have succeeded and some have not. JSA appears to accelerate the process of finding a job, but not to have a lasting effect on the quality of job obtained.

JSA is generally one of the cheapest types of interventions. So JSA is usually a worthwhile investment, with benefits outweighing costs by a substantial amount.

Short-Term Classroom Training. The impacts of relatively short-term (3 to 6 month) classroom training have in most cases not been particularly positive, especially for youth. However, the experience of the San Jose Center for Employment and Training shows that such training can have strong positive effects when it is closely tied to the labor market and very well implemented. In addition, classroom training has produced modest earnings gains for disadvantaged adults in the JTPA program. Results for programs which provide short-term training to displaced workers are not particularly encouraging so far.

Long-Term Classroom Training. There have been few direct studies of government programs which provide this type of training. But a substantial amount of research shows that returns to each year of community and 4-year college education are high, and this suggests that long-term education pays off. A recent evaluation of long-term community college training for dislocated workers has found earnings increases of 6% to 7% per year of education completed. These findings suggest that it is important to make the option of long-term training available to those displaced workers who need to update their skills.

Finally, the Job Corps experience also shows that longer-term training can work well for very disadvantaged youth, if it is combined with extensive support services and delivered in a residential setting.

Subsidized Employment. Subsidized employment involves the provision of short or long-term employment, often with a private sector firm. In on-the-job training, government provides a partial subsidy to a private sector employer to hire and provide training to a disadvantaged individual. Other models simply provide a term of subsidized employment with a private firm or government agency, often followed by job search assistance.

OJT and its supported work variant have proven quite successful for single mothers who are on welfare. The record in helping other adult populations is more sketchy, but generally positive. Adult women obtained significant employment gains when enrolled in OJT in the CETA program, while both adult men and adult women have been found to benefit from the on-the-job training provided in the JTPA program.

Subsidized employment programs for disadvantaged youth have boosted employment considerably during the program period. This indicates that disadvantaged youth want to and will work when given the chance. But subsidized employment programs alone have not been successful in producing lasting gains in employment or earnings for youth participants once the program was over. Linkages to other training services are apparently needed if this approach is to produce permanent gains for youth. The creation of pathways between temporary subsidized jobs and permanent employment may also be a promising approach.

Overall Conclusions: The evidence leads to several findings:

1) At least some services have been successful for every population examined. Employment-related services have produced significant gains in earnings and employment for disadvantaged adults and youth, single mothers, and displaced workers.

2) Interventions have larger net impacts on some populations than on others. With some exceptions, such as the Job Corps and the CET program, most interventions for disadvantaged out-of-school youth have not shown measurable long-term success. In contrast, programs for disadvantaged adult women have often produced positive impacts.

3) Results from successful programs are significant but moderate on average. The improvements created by employment and training programs do represent real gains for society and for the individuals involved.

However, education and training programs are often not able to accomplish all the goals set out for them. Training programs for the disadvantaged often do not lift the average participant out of poverty, even when they succeed in significantly increasing participant earnings. In the case of workers displaced from high-tenure jobs, on average even a year or two of training will probably not create income gains large enough to restore earnings to their pre-displacement level. But on average, participants in successful training programs do receive earnings that are substantially greater than they would have obtained without the program.

4) Many employment services for displaced workers and the disadvantaged appear to be cost-effective investments. Returns to society of $1.40 or more per dollar invested have been found in reliable evaluations of JTPA training for disadvantaged adults, the Job Corps, the San Jose CET, many welfare-to-work programs, and job search assistance for displaced workers.

5) It is important to make a wide variety of training and employment programs accessible to workers. Both successes and failures among training programs have been common. This argues against a "one-size fits all" approach and for an attempt to make a wide variety of choices avail-

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able to those who need to upgrade their skills. For example, for displaced workers the combination of poor or uncertain impacts from short-term training and promising evidence on formal long-term training suggests that it is important to make long-term training a real option for those workers who need it.

6) It appears to take time for programs to begin to work. Many of the success stories in training for the disadvantaged have come from programs which were operating for 5 years or more before they were evaluated. This finding suggests that the knowledge and experience built up through years of practice may be an important factor in determining a program's success.

7) Only a limited range of interventions have been tried, and even fewer have been evaluated. For example, most training programs for the disadvantaged have been short-term and not particularly intensive. Also important is the fact that employment and training programs have rarely been able to saturate a single neighborhood or community, and have rarely been combined with a range of other interventions directed at the same areas. There is evidence that such a comprehensive approach may be more successful than isolated interventions.

8) Continued progress requires additional evaluation evidence. There are many areas where little thorough and reliable evaluation evidence is available. For instance, there is only one reliable impact evaluation of a long-term training program for displaced workers. Little evidence is available on the impacts of company-provided training for incumbent workers. In some other areas, many of the programs tested have been small-scale, raising questions about whether they can be replicated.

Chairman **McKEON**. You know, I am new at this, not just being a Chairman, but new in Congress. I have only been here a couple of years. What I wish is that we didn't have such a formal setting. I wish we were sitting around a table somewhere and could really all of us together pick each other's brains, and why don't we, there is just three Members here, why don't we attempt to try to do that on a basis?

I mean, we will start with Mr. Williams, but what I would like to do is if we could just kind of pretend like we are sitting around a dining room table. If more Members don't come in, I think that will be great, it will be their loss, and we will try in the time we have to learn as much as we can from each other.

Let's start with Mr. Williams, then.

Mr. **WILLIAMS**. Okay. Well, will someone pass that sugar? I think it is a good idea.

First, let me thank you, I think appropriately, Mr. Featherstone. Your influence as a member of NAM's board of directors I think energized that association to encourage the adoption of Goals 2000 as well as School to Work legislation, and those of us who worked on those two very important pieces of legislation were very grateful for the help we received from the NAM, and I know that you were a big part of energizing that help, and we appreciate it.

Mr. **FEATHERSTONE**. Thank you.

Mr. **WILLIAMS**. Employer-based training does under some measurement seem to be one of the more successful elements of the current job training system. There is no question, as you all know, that the Federal Government is looking for ways to increase training and reduce costs all at one and the same time.

Most employers would agree that training is a benefit to their bottom line, so here is my question: If we could improve employer-based training, would American industry be willing to pay more of the cost of that training, either in up-front dollars to do the training or in guaranteeing good paying jobs if the public will train those people for industry? Does anybody want to take a run at that?

Mr. Featherstone?

Mr. **FEATHERSTONE**. I would like to substitute the word education, but education and training to me are synonymous, you can't have one without the other. You can definitely have training, but without education, you don't have good training.

Mr. **WILLIAMS**. As a former school teacher, I have always said we train elephants and educate people, so I prefer education as well.

Mr. **FEATHERSTONE**. Go for it. This is the toughest program that I have ever attempted in my life. I am a turnaround doctor. I worked for Ford Motor Company for 20 years, traveling the world, and I selected education 1985 to turn around this company. We were in liquidation within three months. We talked the banks into backing us and we went into education.

It is not simple at all, it is very, very difficult. I approached four universities before one would work with me. They all said they had, what do you call it, adult education and it was the best in the world and take it, and I wanted education including reading, writing, and the basic starting over again for several people. I wanted everything in the system, and so we did it, but everybody fought me.

I don't know if anybody is here from Connecticut, but Trump of Germany started our education system a year ago. I talked to the president in July, and I said, well, how did you like it? He said everybody in my company hated it when we started. He said now a year later we can say we still dislike it, but we know it has to be done, and he said I am even going to classes because I know that I am a teacher when I am in the classes.

You cannot expect small companies and maybe some large companies to just automatically go into worker education and training. The cost is horrendous. The return is beyond belief after you are finished, but it is based on going to the New York board every quarter and saying we made money, it is very hard to throw 3 to 4 percent into education. There is ways of doing it, very definitely ways of doing it.

Mr. WILLIAMS. Mr. Rowley, do you have a thought about it?

Mr. ROWLEY. Well, we have been able to from the very beginning in our manufacturing sector of School to Work convinced the manufacturers it was to their benefit to invest in even high school students.

The program that we have now that is a four-year program sets up at about $120,000 per student cost during that four-year period of time that includes wages while they are in the owner's place of business, but it also is an educational stipend that makes sure that they are paying attention strictly to the educational aspects of it.

I have to say this, that I agree with Mr. Featherstone, it is obviously a massive selling job to get that done, but once you get the employers on board, I don't think they would ever go back to the old system of just picking out their employees off the street or somewhere and trying to train them themselves in the back shop because everything that we are doing has not only curriculum inside the educational institution that is attuned to the shop, but it also has an approved curriculum inside the shop to train the young people with—with mentors that are designed for the purpose of educating those young people after they are inside the shop, so you have got a coordinated system that from A to Z is going to make sure that you have the best trained individual possible.

Is it expensive? Well, I would have to say up to this point, yes, it is, but what are the results? I think the results, we are either going to do that or we are not going to be competitive around the world.

Mr. WILLIAMS. Let me ask one more question if I may, Mr. Chairman. If we went to block grants for—this word with so much new coinage—flexibility, what is it States would do differently than they do now? Does anybody know?

Mr. Jacobs?

Mr. JACOBS. Mr. Williams, I will respond to that in part out of my experience just last week attending California's School to Career Task Force meeting in which this was the very issue.

What we came down to, and our new superintendent of public instruction, DeLayne Easton, made the point whether or not the Federal money was there, there is a need, and what we need to do is make choices among options and allocate our resources accordingly, and there was a representative from one of our rural areas from a local PIC and he was very enthusiastic about what we are talking about in terms of creating that kind of flexibility, but felt absolutely hidebound by rules and regulations.

The sense that I got around that was that if that individual had felt the freedom to not have to go through extensive waiver processes and all the rest of it, but to be able to combine with his colleagues to focus on the clients in their area, that things could be done with existing funds that are not being done today.

Mr. WILLIAMS. Like what?

Mr. JACOBS. Establishing standards, enforcing those, doing the things that fundamentally are the principles that are embedded in some of the school-to-career legislation.

We do not now have a clear conversation between business and educating and training people about what expectations are. That takes some investment. The California Business Roundtable invested $.5 million over the last couple of years to develop standards in banking and in telecommunications.

The surprise to us, and I think it is very relevant here, was that while we had six of our State's major banks working on those standards, they were expecting for career entry positions a bachelor's degree, and the reason they were doing that is that that was to establish some level of assurance that the people could read and write. We don't have any clear understanding conversation about performance levels or standards anywhere in the system.

Mr. FEATHERSTONE. Could I answer that one?

Chairman MCKEON. You looked like you wanted to jump in there.

Mr. FEATHERSTONE. Block grants are great, but you have to have an overall goal, you have to have an overall purpose, and it has to be trackable, and it has to be what is said on that blue chart down there, flexibility but held accountable, that we get to where we are going to go.

I have never in my life when I hand my 11 grandchildren money, I expect them to do with it what they state. If they run out, it is their problem and they have to face the consequences. You have just got to—block grants are great, I think each State—I have been in about 30 of them talking education—there is about 30 different ways, and it will probably come to the same goal, but what is that goal?

The teachers in Illinois, 700 of them looked at me and said we want to be with you, but if our children go to Indiana, how are they going to be measured there against a job? If they go to Oklahoma, what is going to happen there? We are willing, Harry.

What is everybody else doing? I said, well, the government has to be that goal, has to be that person to lay that goal out, and that is what we have to shoot for. You just don't hand money to anybody to do whatever they want to do. Flexibility is fantastic.

I think every company I know of in the United States that is doing our system is doing it different, but they have got the same goal, which is high ability of problem solving, high analytical ability, and interrelationships with people, and you have got to have a goal to go with the money.

Chairman McKEON. I think there may be some misconception. I know I have heard in talking to people there is some in block granting, there is a feeling that it is just a matter of writing a check and instead of writing 80 checks, we are going to write one check or four checks. That is not what we are talking about.

I think right now with the different programs we are looking at there are goals, there are objectives. What the concern is is that there is probably a lot of interlap, overlapping, and what we are trying to do is streamline that down——

Mr. FEATHERSTONE. That is right.

Chairman McKEON. [continuing] and have a limited number of goals rather than specifics on what should be done and then let the local jurisdictions, people that are on the firing line determine—and this is where the flexibility comes in—how to meet those goals.

Mr. FEATHERSTONE. As long as you are given a time limit and looked at as objective and tracked. I have a team in our place that just put in a—bought a $500,000 piece of equipment guaranteed to me that it would pay itself back in two years, and they goofed, it looks like it may pay itself back at a year and a half.

Chairman McKEON. We need more mistakes like that.

Mr. FEATHERSTONE. They did it over a six month time, bought the equipment, put it in, and are running it. They gave me their goal as when I said I want $500,000 for the equipment. I said fine, if you can do it, go for it, and they did.

Chairman McKEON. Okay.

Mr. Riggs. Don't forget. Hold that.

Mr. RIGGS. Thank you, Mr. Chairman. Good afternoon, gentlemen.

You know, I am curious, first of all, I guess, Mr. Crawford, in getting you to elaborate a little bit on your testimony, why we are in such a confused state and why we lack hard data on the effectiveness of these programs.

We have had similar testimony before the Appropriations Subcommittee that I serve on on Labor, Health and Human Standards and Education from your colleagues, and it seems while on the one hand we do continue to financially audit those State and local training agencies that receive Federal funding, we have done very little on the other hand in terms of any kind of performance audit that would tell us more information regarding critical data on the performance of these programs such as job placements and what have you, and I just wonder why has this situation ensued and developed to this point where we have so much fragmentation and again so little hard data about what programs work and don't work?

Mr. CRAWFORD. In preparing for this testimony and for other work that we have done, we have taken a look at the growth in the programs, and generally what we find is that the programs all have an admirable goal, they are intended to help someone.

What has happened is because we have a lack of data, it is not clear, for example, whether or not program X already meets the need or whether you need to have another program. Issues of accountability in terms of performance have not been a major priority with many of the Federal programs.

Whether you look at the student loan programs or the Agriculture Department programs, one of the primary goals has been always to get the money out, get it out quickly, not as much of an interest early on in terms of focusing on accountability and results.

I think as we move more in the direction of accountability and results, we may find that over time having better information may be one of the things that will help us from recategorizing a whole host of programs.

We are doing a report now that we will be issuing on Thursday for this committee, the oversight committee. There is testimony on lessons learned from block grants, and there is some issues there about having lack of information, which we believe was in large measure a reason for some of the recategorization of the initial block grants.

Mr. RIGGS. Well, let me ask you, obviously the DOL report which Mr. Katz testified about is very recent. Have you had a chance to review the findings of that report?

Mr. CRAWFORD. I just took a quick look at the report just the other day, yes, sir.

Mr. RIGGS. Would it be possible with the permission of the Chair to ask GAO to comment on some of the findings here so again we could have a little bit more information in working on legislation about what works and what doesn't work and how we can tailor any programs from this level to truly be performance driven and results based?

Mr. CRAWFORD. Sure, we would be happy to.

Mr. RIGGS. I think that would be very helpful to us.

Mr. Katz, you cite local examples of programs that are working well, one which the Chairman and I are familiar with, in fact one that Governor Wilson in California has taken a great interest in is the GAIN program in Riverside County.

You mention or the report mentions the fact that participants in the Riverside County program, the GAIN program, increased their average annual earnings by over $1,000 or 40 percent. Earnings in employment gains have generally been found to fade out within five years.

I am curious to know, do you know why? There is no real causal information included here about why the program is working and then why this plateau effect in five years.

Mr. KATZ. Well, again, it is speculative. One hypothesis in comparing the success of the GAIN program in Riverside with another example in Alameda or Oakland. They took very different approaches, and both have ended up being fairly successful.

The Riverside program was more successful over the first four years. The Riverside program was very much work driven. The first thing when you walk in the office is getting someone to work, the goal of the program was getting them to work, it was very much using a lot of job search assistance and using a lot of good ties to employers to place people, and it was very effective at getting hours of work up, although the wages for the people who found the jobs weren't that different than those who were not part of the program, and one hypothesis is in the short run, it is very good at moving people off the rolls, which is important, and getting them to work, but it doesn't necessarily improve skills and education.

The Alameda program which focused more on education and training did poorer in the first few years, but four or five years out seemed to have higher long-run results, and there just may be different time patterns. We do not have long enough, you know, evidence to see whether Riverside sticks at that level and Alameda plateaus out like Riverside or whether it does better over the long run.

The other important point is Riverside was a lot cheaper per person than Alameda, so on a benefit cost sense, it seems to have been more effective.

Mr. RIGGS. One more question, then I withhold other questions hopefully for another round.

That is to Mr. Jacobs, Mr. Featherstone, and to Mr. Rowley in terms of his program in Tulsa which appears to be fairly successful, how do we insure the involvement, in fact, maximize the involvement of the private sector, particularly small and very small employers who give us so much of our job creation in the private sector?

It seems to me, and I may be wrong on this, but I served five years on the California Job Training Coordinating Council, and it seems to me that there isn't, and that is why the example of Tulsa might be remarkable, there isn't a whole lot of buy-in at present from the business community about these programs, and I am wondering if we are truly going to try again to design a program that is skill-oriented, results-based, and performance-driven, what we can do to maximize that private sector involvement.

Mr. JACOBS. I think we could start by making good use of the opportunity under the school to career work going on in California. What we are looking at is establishing several, not hundreds, several demonstrations led by large companies, Bank of America is beginning one in the Sacramento area in the banking field that will learn what needs to happen in terms of local coordination and help for smaller companies to come into this and lead the way, and I think that if we can invest some money in that, and the roundtable companies are, together with what moneys are available through that Act, together with the local school and education and training organizations in a true partnership that we will demonstrate the value of this, I really believe that, and find ways to make it easier for small and midsized business to come in and participate.

Mr. FEATHERSTONE. I think we have three areas that must go immediately. One is the K through 12 to workplace, one is the workplace, and one is the disadvantaged workers, and we have to address all of the needs of all the people and do that.

The workplace, which I am in, I have worked very hard for three years on a program to say that if we go ahead and do what Will-Burt has done and others and we bring people up to a 14th grade level, which greatly affects the community, remember, and their kids and et cetera, that they should get a rebate from the government because their return to the government would be 10 times what any rebate would be, and you are going to have to put in front of the CEOs of this world, the small CEOs, that they are going to get something back, but they shouldn't be handed money to do it, they should be said that they are going to get back something that says to them, by golly, this is worth going for.

It is like the $500,000 machine I just signed for and we bought last year, the return on that investment is going to be fantastic. We are thinking about buying another one now, and it was—but we spent all the money in the world getting ready to do that investment, and CEOs that have already paid for education, most of them would do it again and do it in the workplace if they could see a return on their investment.

I think it could be ideally done for the fives, too, for the threes in business, and I would like to see it on that basis.

Mr. ROWLEY. If I could back up to where we began all this training in Tulsa to 1990, I would simply say that probably I would start preaching this not as an educational reform package, but instead as economic development.

Every time that I make a speech, and I make several of them around the country, that I make an economic development speech, I get immediate reaction to it, and it very definitely is. We are not just talking about school to work here, we are talking about training of the entire work force.

Everyone that wants to be trained can be trained to the maximum of their ability if the right mechanisms are set up to do that, and we determined from the very beginning if this was going to work in Tulsa, Oklahoma, at least, it was going to have to be business and industry driven.

Business was the one that brought education to the table, not the other way around. The umbrella, in fact, was put together by business with equal partnership from the educational community, but after there had been a determination by business that this was something that had to happen.

We currently have one whole segment of our School to Work that is run by our small business council. That is the purpose of it was to pull the small business person in, let them recruit the people that are their peers. I can try all day long, but it is eventually going to have to be each of them deciding that that is the thing for them to do, and it is going to have to be done by somebody else who has the ability to do it in small business.

Chairman MCKEON. Thank you. You know to me this is one of the exciting things about the new name of our committee. Postsecondary Education, Training and Life-Long Learning because I think it is a lifelong process.

Mr. Roemer.

Mr. ROEMER. Thank you, Mr. Chairman.

I would like to start by asking Mr. Crawford a question or two. There is little doubt in looking through your graph, I think it is the one right over here which I have right in front of me, the Executive Branch agencies responsible for employment training programs, that looking through here with 11 departments and four independent agencies currently responsible for these myriad programs, that there is a great deal of a consolidation improvement that we need to undertake.

It is amazing to me that there are four different independent agencies, Small Business Administration goes down a ladder of about six or seven different offices that provide the different training. On page 2 of your testimony, Mr. Crawford, you say that there are 163 Federal programs and 11 departments and 4 independent agencies, about 98 of these are where you would think they would probably be, at the Department of Education or Labor.

Mr. **Crawford**. That is correct.

Mr. **Roemer**. You go on to say that nine programs that are specifically targeted for the economically disadvantaged have the goal of enhancing clients' participation in the work force.

Out of those nine, did we find one to be significantly better than others and what can we apply from that knowledge?

Mr. **Crawford**. I think when you—there are nine programs that focus on economically disadvantaged adults. The studies that have been done in terms of looking at the effectiveness of the programs give you very mixed results.

You have in the JOBS area, for example, as Dr. Katz was mentioning, Riverside and the California GAIN experience. Other parts of the JOBS program you don't necessarily see those kinds of results.

A recent study looking at the Job Training Partnership Act concluded that it did have modest beneficial effect on adult men and women in terms of earnings and employment for female youth. It basically had no effect, and for I believe male youth it actually may have had a negative or a slightly negative effect on these factors.

What we have again is with some of the programs we don't have a real clear focus on employment as a goal. The General Accounting Office in December issued a report on the JOBS program that raised some questions about whether the program is really focused on employment.

I know, having spoken with training administrators and Federal officials, I have had one person tell me that his program was successful because they were able to train a lot of people. I said that is great, but how many people get a job from that training, and then he had to agree that maybe if you say that maybe getting a job, if you now have that as your end result, he had to concede that maybe they weren't quite as successful.

Mr. **Roemer**. Would one of the factors be—in looking at one of your other charts here you say that 11 percent even conducted effectiveness studies.

Mr. **Crawford**. That is correct.

Mr. **Roemer**. So most of them did not even really gauge whether or not they were internally reviewing how effective they were being in placing people?

Mr. **Crawford**. That is correct. We looked at a subset of about 60 or so odd programs last year.

Mr. **Roemer**. So out of the 163 Federal programs, you say that out of 60 only 11 percent of those did effectiveness studies?

Mr. **Crawford**. That is correct. I wouldn't expect—if we were able to look at a larger group, we probably wouldn't find anything much different. We asked the agencies to tell us over a 10-year period have you conducted a study, an effectiveness study.

Now, what you will find is they have conducted a number of other studies that would look at how they can improve their financial management, how they can better allocate resources and things of that nature, but in terms of effectiveness—and these studies are not easy to do, and they can be rather costly. Some programs are so small that you wonder whether it makes sense, which then raises the question if it is too small to have as—to do the right kinds of evaluations——

Mr. ROEMER. Should it be there——

Mr. CRAWFORD. [continuing] maybe it could be rolled into something else.

Mr. ROEMER. You also say on page 4 of your testimony that administrative costs ranged from 7 percent as a low to 15 or 20 percent as a high, including 20 percent in the JTPA program.

Is there some recommendation that you finally give or would give as testimony that we should look at trying to limit the amount of administrative costs that they spend in terms of these kinds of situations?

Mr. CRAWFORD. I think in terms of looking at the—we haven't really looked at it from the standpoint of coming up with a particular percentage, but I think when you look at the issue of administrative costs, what you have are a number of programs.

Some programs don't even track, are not required to track. When they do track, like JTPA, the administrative costs of JTPA is only at the local level, so administrative costs associated with running the programs at the Federal level or at the State level aren't apparent.

Even when you have two programs that say that they track administrative costs, their definitions of what is included will be included in the administrative cost category are so different that it makes comparisons across programs very difficult.

So our suggestion to the Congress in that regard would be as you look at bundling programs, whether you are going to do block grants or some other thing, you may want to look at creating sort of a common core so that it would allow you to look across like programs and maybe cost would be one, maybe other outcomes, whether people got jobs and what wage levels, and the like.

Mr. JACOBS. If I may make a comment on this, this is speculation because I am not intimately familiar with those programs, but so many, we need to be careful as we talk about performance-based systems, and this gets back to what Mr. Riggs was talking about a moment ago, that we are sure we understand what the measure is going to be because some of these programs incent people to train people for jobs which turn out to be short-term employments, 90 days, perhaps, that get recognition within the program, but for the individual, it just is a termination employment, and I think that Mr. Featherstone's experience and certainly ours in a much larger company is that when you have high capabilities in terms of reading and writing and math and computer technology, those are the foundations upon which a career can be built. And you heard him in his testimony talk about training people on those things and now he has a foundation which he is really capitalizing on that investment.

I think we need to look across the whole education system in terms of that kind of return, so short-term placement measures, longitudinal—for academic reasons and for research reasons, I think some investment needs to be made in some longitudinal studies which really follow individuals through a career, so that we can get a longer-term payoff idea in terms of what it is that we are doing, but our yearning for measurement often drives us to short-term measures which gives us inappropriate signals, I think.

Mr. Roemer. Thank you, Mr. Chairman.

I would ask unanimous consent that we be able to get some additional questions answered if we submit them in writing.

Chairman McKeon. No objection.

Mr. Roemer. Thank you, Mr. Chairman.

Chairman McKeon. Mr. Gunderson.

Mr. Gunderson. Thank you, Mr. Chairman.

I apologize for coming in late. I was giving a downtown speech, but I have reviewed your testimony, and as I am listening to this question and answer, I am not sure we aren't on the road to a big confrontation because on the one hand it seems we are all seeking some flexibility and now we are consumed by outcomes measurements, and I am not sure that you can achieve both those at the same time.

We can create all kinds of rules, regulations, and outcomes testing here at the Federal level or we can be consumed by eliminating the duplication of the charts, turning the authority and the responsibility and the flexibility over to the States, and I guess I would like some prioritization from some of you as to where you think this becomes most important in work force preparation.

To what degree do we need to be putting in bottom lines here as to testing the outcome because if we are going to do that, I mean, the problem obviously with the Job Training Partnership Act is that its flexibility does not produce the kind of one-system-fits-all that is easily reviewed by accounting offices and that is easily scored in terms of outcomes, and so how do we reconcile this issue?

Mr. Featherstone. How do you reconcile? I stated we had to do it all at once, and I know that is a tremendous task, but let me explain it.

If you bring an educated K through 12 to workplace person that is high in the factors that we have talked about into an uneducated workplace, it kills them. They just lose it. If you bring an uneducated K through 12 workplace person into a high performance workplace, it hurts them deeply.

We have 30 some people right now that can turn out that chair in metal overnight, you fax them the print, they will give you the chair the next day, they can run any equipment in the place and they do it with precision.

When you have a highly educated work force working with their families, then you have a highly educated school. It better be because if it isn't, they are going to get yelled at, so you have to address. I have been a turnaround artist for 50 years, and I can tell you whether it is 6,500 people or it is 300 people, it is still the same things that have to be addressed in a plant to turn it around, and I always had three to six months to turn it around. We did so. We turned it around and brought it back into making money. 99.9 percent of the time it wasn't layoffs, believe me. It was systems and ability to do things right and do them so they were very effective.

I just—I didn't know that you have got to have each one of these factors set up in your equation or the end result is going to be zero again. I mean, we have just got to approach it that way.

Mr. **GUNDERSON**. What you are saying is we have got to have different systems operating at the same time?

Mr. **FEATHERSTONE**. Correct, all for the same goal, coming together.

Mr. **GUNDERSON**. Okay. How much of that do we mandate at the Federal level?

Mr. **FEATHERSTONE**. You have to set the goal at the Federal level, you have got to give the purpose at the Federal level and you have got to set the base marks, the base lines and the benchmarks and how we are going to—what we are going to—how you are going to handle it.

If you set up a Malcolm Baldrige for education, then that is what you should do, let us pay for it, but then return it to us.

Mr. **GUNDERSON**. I am not disagreeing with you. I hope I am struggling with you publicly. I mean, we get criticized severely that we have got way too many job training programs at the Federal level. I would suggest to you that every one of those was created with a legitimate mission in mind and a specific constituency at the time, with all the best of intentions.

My question to you is obvious.

Mr. **FEATHERSTONE**. Let me go back. Now I have got to go to specifics. Ohio has a one-stop system for the disadvantaged.

Mr. **GUNDERSON**. Is that one stop for everybody?

Mr. **FEATHERSTONE**. They have just stated they will have it within three years.

Mr. **GUNDERSON**. Should we mandate that here?

Mr. **FEATHERSTONE**. One-stop centers to collect all the programs for the unemployed? Yes.

Mr. **GUNDERSON**. Okay, go ahead.

Mr. **FEATHERSTONE**. I have been to three of them personally myself and worked at them, so I can answer from my own that as far as the education end of the one stop, that is not in place yet at all in Ohio, but as far as knowing, and I have done this myself, knowing how to get engineers to Will–Burt in Orville, Ohio, I got so many engineers from all over the State of Ohio I couldn't believe it within a week's time through their jobnet system. It was perfect.

Mr. **GUNDERSON**. Should we have a voluntary skills standards program, industry skills standards? One of you, Mr. Jacobs, mentioned this.

Do you all agree that we need voluntary industry skill standards?

Mr. **JACOBS**. Let me speak to that in this way: The bankers in California, under the leadership of the roundtable banking companies, have established a first set of career entry skills standards. The bankers association there has adopted it, and those are being implemented through the Department of Education in terms of getting them integrated into curriculum.

That is all done voluntary, that wasn't a Federal mandate of any kind, but yet there is a Federal policy framework, it is called the Schools To Work Opportunity Act that really encouraged people to move in that direction, and what I would hope to see one day linked to that for those career entry standards, and we would hope to develop others for later points in a person's career and in this case in banking is a tie for admissions into those programs to school performance, around language and math and computer technology, and let's not forget technology, and as we develop in the States standards for graduation requirements, let's have kind of a partnership between education and business where we use those assessments and the description of those performance levels as a language to link the two, so that the way that these standards in banking are developed is to define a performance level required in reading or writing or math and have the education system really respond to it.

One more thing before I close is that so much of our problem with these fragmented programs is that they have all been addressed to a particular interest group's definition of a segment of our society, and not really approached as being for all students or all people in a sense that would lift up the entire system, and therefore we have created measures which often were purposely at a lesser standard in order to be able to report success, and we can't do that. We need to have a standard across the base.

Mr. GUNDERSON. My time is up. I apologize, Mr. Featherstone, for interrupting you. I thought I was following along your line of thinking that as you were talking about engineers, you would respond as to whether the skill standards——

Mr. FEATHERSTONE. The jobnet.

Mr. GUNDERSON. [continuing] was going to be helpful, but my time is far exceeded.

Thank you, Mr. Chairman.

Chairman MCKEON. Thank you.

Mr. Petri.

Mr. PETRI. Thank you, Mr. Chairman.

I guess if we have 163 or thereabouts Federal programs, we have a little trouble defining one objective as to what the Federal Government should do, and the work force is a many varied thing with lots of different problems, but how and what the Federal Government really should be doing that is an effective use of taxpayer dollars in this whole area has always been a puzzlement to me because going back to CETA, we have a great deal of trouble really measuring effective output.

There is a lot of cherry picking going on, you know. The most successful program in the job training area turned out, as I understand it from people over at the Labor Department, they selected people who had been already working at Montgomery Ward and other places like that, so they had the basic job skills of getting up on time, showing up, and all that kind of thing, they owned alarm clocks, and then they were run through the program and, yes, they got another job, and poor Sears had to go out and scrounge around for voters and things on its own pretty much.

I guess all I am asking is you say we try to have standards, but they are so easy to manipulate and they really kind of in a sense take people off the ball, which is really moving people up the scale, I think, and trying to get people into the job market.

I guess my biggest area is are we asking too much to try to go for an awful lot of people who are in the dependency syndrome from basically ground zero as far as the job market is concerned to a 40 hour a week full-time job? Might we not do better at trying to get people into part-time jobs or a combination of skill training and jobs and let them fail at a lot, but keep on pushing and illustrating where the difficulties are and use people like Manpower and Kelly Girl and so on to sort through and find what area people could really work on, do you feel comfortable with the idea that the Federal Government really should be focusing on the people who have a great deal of difficulty getting into the productive private job market and trying to figure out ways of getting them there, or is our job really upping the skills of people who are already in the private sector? I guess that is enough questions for my five minutes.

Mr. JACOBS. I will begin with a response on that. One of the concepts in the report that the California Business Roundtable put together is something called—that deals with adult basic education, and there it posited something called a community academy which would be intended to deal with people who are currently outside of the mainstream, and it suggests really only two goals for that, and one is very high standards for basic academic skills and literacy in the English language in order to enable those people to make a transition into other kinds of career training programs.

I think so many of the specialized programs we do for disadvantaged people miss that target in terms of really creating that high foundation skill in some of the basic academics to allow them to be successful in the more sophisticated training programs that all businesses are developing, so you get this constant churn. The goal is job placement, and it is not equipping a person truly for that lifelong learning and we need to make that switch.

Mr. FEATHERSTONE. I can tell you when we started the program in 1985 that everybody hated it, and I mean hated it, and they hated me for it, and going back for basic math, and many people we started back with basic reading and writing, but that was between the teacher and the people, but we did it, but I can also tell you now that we are going for 100 percent high computer literacy by July of this year, 100 percent, everybody in our place, and last month I have been with John Scully and Tom Peters, and by the year 2000 if we do not have everybody caught up to the level of the Will-Burt people, they are just going to be gone globally, we are not going to be there globally.

We met a class at Audubon University of seniors in the college, four-year students, we met at a class this last year, not a single one of those youth, 23, 24 years old, kids to me, were computer literate from school, not a single one. They are going to be the 30 and 40 years old that is going into the year 2000 and it is a problem. That is why we have to do it in the workplace.

I can also tell you the same people that hated it in 1985 are the people that today are going to classes voluntarily that I could never believe that they would go to because they understand why they are there. I am a historian, and Lincoln said, "You don't learn to get a job, you learn what to do with the job and with the money you get from the job." These people know why they are going to school. They know why they take different classes, and the results let me do my inventing because I used to work on the place, but now I invent all the time.

Mr. ROWLEY. Let me add to that, the question about one stop was asked just a moment ago, and we are putting together the segments of a one stop right now that looks entirely different than the one stop that has been prescribed, and you brought up the subject of why don't we go to Kelly and to whoever else.

The whole framework of what we are putting together, again business driven, is to go to the employment areas that are private employment areas, and those are available all over the city. I mean, one stop to us is one stop with technology, it is not one stop that is one building somewhere, but instead we are going to have a variety of locations around, and all of it privately functioning to where the people come in for sorting out, as you put it, and to be able to say perhaps we could put this person in a part-time job while they completed training over here because they are the ones who know where the part-time jobs are.

Just frankly, they make a living that way, they have to know where the jobs are, so our whole one stop is a version of a business-driven job data bank that is provided by business and industry because they are sharing in the management of that, and at the same time the intake is done through those who are already in the business of doing, and when we get through with what we are doing, as a matter of fact, tomorrow night we have got about 100 dislocated workers coming in to go into this job data bank as the working end of this, just to see if we can take a whole group of 100 and make this function that way.

My insistence, again, it sounds like a broken record here, it has got to be employer driven in order to make it come out. If it doesn't make economic sense to that employer, we are wasting our time. We can spend all the money you want to, you can do all the things you want to that way, but we are just simply not going to get there.

Chairman MCKEON. Thank you.

I feel like Dr. Katz down at the end of the table, the time always runs out before he gets anything to say. Do you have a comment that you want to participate in that question, too?

Mr. KATZ. Sure. I would like to answer Congressman Petri's question about the population of disadvantaged or dependent individuals and whether we might be asking too much.

I think you raised an important point in that the transition for these people into the workplace often is one that is not that smooth, that doesn't go instantly, you don't just walk into a classroom, take a little training, and then quickly move into a full-time job and do well.

The typical transition involves moving through a few jobs and seems to be most successful if it does involve a mixture of training, education, and moving to work, and what we have learned is that actually some of the most successful attempts are trying to do things that might be exactly like you are doing, take a nonprofit that deals with placing people like Project Match in Chicago, the Quantum Opportunities Program in Philadelphia or take something like Manpower or Kelly and don't let them—they don't get to choose their clients to game the system and cherry pick, but if you have a contract whereby you give them these people and they are sort of paid an amount and they are going to be evaluated on what they get on whether they place them into jobs and you follow them up for a fair number of years, and we have actually seen this in some high schools in Philadelphia and Atlanta where nonprofits have been given contracts for four years for an amount of money and then they are basically based on how well they do at getting people to higher education and jobs that actually can pay off and that can get around some of the gaming problems of many of the performance standards.

I think there is quite a bit of something to your idea of looking at the longer term and making someone responsible for the outcomes as part of a contract, but not allowing them to always pick the people who would have done well anyway.

Chairman McKEON. Thank you.

Mrs. Roukema.

Mrs. ROUKEMA. Thank you, Mr. Chairman. I apologize. I was somewhat tardy in arriving here. You may have focused on the center of interest for me, but I was going to concentrate on school to work transition programs in any event, but Mr. Katz gave me a good lead-in by what he said, and he threw in a proposal for nonprofits to seem to coordinate or direct the school to work programs.

I am not so sure I understand that or agree with it or maybe I misunderstood you.

Mr. KATZ. You misunderstood.

Mrs. ROUKEMA. Let me hear from you first, but my general question will be directed to the panel on school to work transition programs, but, Mr. Katz, would you clarify what you meant by your previous statement?

Mr. KATZ. Yes. I wasn't talking about coordinating a school to work program. There have been a series of examples where the following is the issue. We have had a number of, for example, public programs where we try to keep people in school, you know, things like short-term summer intervention, summer jobs and stuff that have not proved particularly effective at turning around young people's lives.

Another way of thinking of doing things is starting earlier, for example, at age 14, and not just being a summer intervention, getting some—it could be a private contractor, it could be a nonprofit, make them responsible for a set of kids, give them resources whereby they can provide them tutoring, help them get summer jobs, and then their contract, their performance is evaluated on how well these kids do at finishing school and getting into work and not letting them just sort of cherry pick the clients. They get evaluated against other people who are also competing to use these, place these people.

Mrs. ROUKEMA. Thank you for that clarification, but the question I want to ask the panel is really relating to school to work transition programs. I am told that much of your testimony seems to strongly support those programs.

Can you give me some more specifics on how we can further encourage the broad-based participation of employers in these programs? I happen to be a great believer in school to work, whether it is high school work release programs with on the job training or whether it is a later period through vocational and technical schools, community colleges, et cetera, but it seems as though we may need more of a tie-in with employers.

Can you tell me how we can best do that in the most direct and efficient way from your experience?

Mr. ROWLEY. I will be glad to respond to that from the local level. We put together a 501(c)(3), a nonprofit for the specific purpose of administering school to work.

Each discipline that comes on board is just a committee that functions underneath that 501(c)(3). The 501 does all the work, the legal work, the fundraising, everything that is necessary, but the reasoning behind doing that is just as you requested, how do we get the employer to the board.

Well, if a school goes and creates another program and brings it out and asks the employer to buy into that program, they are going to shake their heads the same way they have been doing for a long time and label it as just another one of them.

If from the beginning the employer is brought in as an equal partner in this process, and that is what the nonprofit really does, is set them as an equal partner at the table in designing the program from the ground up as opposed to a finished product that is handed to them and said would you buy into this.

It has been our experience that we can recruit them very successfully from bankers all the way down to saying you are going to be part of the administration of this program, you will set policy, you will help with operational details.

We have had thousands and thousands of dollars worth of very expensive executive time contributed to the administration of the school to work program simply because it is not in a school, it is not in a particular business, it is a community operation, you know, from the ground up.

Mrs. ROUKEMA. Thank you.

Mr. Featherstone, then Mr. Jacobs.

Mr. FEATHERSTONE. The whole goal is real jobs, that is——

Mrs. ROUKEMA. Exactly.

Mr. FEATHERSTONE. [continuing] good money, good benefits, longevity.

Mrs. ROUKEMA. Exactly.

Mr. FEATHERSTONE. In Medina, Ohio we have been working for two years and we got 53 industries working with vocational schools because economic development married with the superintendent of schools and they are in the schools every day, they are in the schools, industries are in every week. This is their baseline year.

Next year we are going to benchmark it and see where we go from, but we already know that there is hundreds of real jobs already committed by the industries to the school coming out of this system, hundreds of real jobs coming—already committed to the school by the 53 industries.

Mrs. ROUKEMA. Excuse me, is this your first year or is this——

Mr. FEATHERSTONE. This is September 1 last year was our first year. We started it at March 3 of last year, and launched it September 1 of 1994. Will-Burt Company is in four of these programs, and I can't give you the results of the NELC, the National Education Leadership Council, because we are just forming, but it is all for education for the United States and for every school.

Mrs. ROUKEMA. By the way, then, in that forum, of course, you can demand or set the standard for the educational standards that you want. I think you were speaking about the educational standards that you feel you need to work with the school to set them up.

Mr. **FEATHERSTONE**. All these goals still come down to the basics, the basics, and the basics is high math and problem-solving ability, high analytical ability, and a high ability to relate to other people, all right?

I don't care whether it is education or college or going into our factories, I can train practically anybody, but it is so easy when they have all those basics.

Mrs. **ROUKEMA**. You have reinforced my own convictions.

Mr. Jacobs.

Mr. **JACOBS**. I would endorse what he just said about high standards. We shouldn't think of this as a program. I have tried to stop using three what I call P words—program, pilot, and project—because they all start with someone else's money and they end when it runs out and there is really no long-term commitment to it, that has been my experience.

So what we are talking about here is a systemic change for lifelong learning for all of our students.

Another reason why so many of these job programs in my opinion have not been successful is they have been so narrowly targeted that you set goals for that special population which don't match the expectations of the real world.

I serve on an advisory board for an organization called Jobs For The Future, and that caused me at one point to go down and visit what is going on in Tulsa, Oklahoma. What Jobs For The Future has found, what they know in Tulsa that Wayne just described and what we are finding in California is that you need a broker that will bring together the education institutions, the businesses, and other support groups, and a nonprofit can serve that role. It could be a Chamber of Commerce. It depends on the community.

We have local business education roundtables organized in Sonoma County, which is where I live in California, down in Orange County, up in the Red Bluff-Redding area in the extreme north part of the State and down in San Diego. Those are ideal forums to get business people and educators together and can serve that kind of a brokering role to put pressure on the people who are part of the institutionalized federally-funded programs where you get so much balkanization around turf, a lot of it has to do with local politics, frankly, and you need some outside force that can help bring that all together.

That is a very important brokering role, and we need to figure out a way to do that, and that is why in California with our School to Career Initiative, as we are calling it, we want to use some demonstrations and some up to scale. Sacramento no doubt will be one of those where they are pulling that together for that whole region around our State capital.

Mrs. **ROUKEMA**. Thank you.

Mr. Crawford?

Mr. **CRAWFORD**. One thing I would just like to add is we hope to report later this month on school to work transition to this committee. We are looking, the committee had asked us to look at how some of the leading States are doing, what is their experience—what did the States experience with other programs like Vocational

Education and Job Training Partnership, what are some of the variations, what are some of the opportunities, we hope to be in a position to report on that later this month for this committee.

Mrs. ROUKEMA. Thank you very much.

Thank you, Mr. Chairman.

Chairman MCKEON. Thank you.

May I just follow up on one thing? You had these 53 companies that got together working on this. What was the—what started that?

Mr. FEATHERSTONE. The catalyst?

Chairman MCKEON. What was the catalyst on that?

Mr. FEATHERSTONE. I can tell you that the——

Chairman MCKEON. Was it a Federal program or people just got together?

Mr. FEATHERSTONE. No, they called me and asked me to come do a two-hour speech with the local mayor, the industries, the hospitals, everybody.

Chairman MCKEON. So people on their own just for the betterment of the community got together.

Mr. FEATHERSTONE. They had the superintendent of schools and the economic development together, and they called.

Chairman MCKEON. Okay. Thank you.

Mr. Riggs.

Mr. RIGGS. Thank you, Mr. Chairman.

I appreciate your returning to me. I guess I better apologize to Mr. Jacobs, I didn't realize he was from Sonoma County. I hope you are not a constituent of mine because if you are, I would have liked to have made that introduction.

Mr. JACOBS. Just a little farther south, Santa Rosa, but not in your district.

Mr. RIGGS. I once had Santa Rosa, a very important community to me. Gentlemen, I just want to return to a bit of a dichotomy that I am picking up in the testimony, and I wish the gentleman from Wisconsin was still here because he is extremely knowledgeable in these matters, but he sort of posed, I thought, an interesting and fundamental question to the debate that we are going to have back here in the coming weeks, and that is what proper oversight and accountability role should we retain here in Washington?

I think it is pretty clear that we have a fundamental duty, a fiduciary duty to the Federal taxpayer to account for the expenditure of moneys on federally-funded job training programs, and I dare say—I may be completely wrong on this, but I dare say that the fragmentation and the lack of hard data in the 163 plus programs that we have today is probably not the result of too much management, some would say micromanagement at the Federal level, but rather the lack of enough management. I don't think we have performed as a Legislative Branch our oversight role in a proper fashion.

Now, having said that, I know again from my personal experience I have some concerns about State set asides, incentive grants, I know that in my service on the California Job Training Coordinating Council it was very rare that we did not fund an incentive grant application for a local service delivery area, which in California is the 52, 53 private industry councils that we have in the

State, so I do have a concern on the one hand about what Mr. Petri called cherry picking, what I think we used to call in the job training business creaming, and on the other hand I, for one, as a Member of this committee, want to see the committee ultimately develop and articulate clear performance standards in conjunction with any block grant programs and block grant funding that we provide State and local communities, so I wanted to specify that.

I appreciate Mr. Jacobs' comments about the need to take the long-term view, the longitudinal look, as he put it. I am also encouraged, frankly, to hear about some of the experimental programs, focusing on the school to work transition for the 80 percent of our kids who are not college bound, I think that is all important, but I go back, because it is one of the questions our very capable subcommittee staff has posed to us, and that is again, how we ultimately develop and articulate standards, and I guess the question is, as they have put it to us, should we try to devise such a common performance system for all work force preparation programs and if so, what are the standards and measurements that ought to be included in that, quote, "common performance measurement system?"

Mr. CRAWFORD. I will take a try. I think that perhaps before you even get to the issue of standards, as Mr. Featherstone mentioned, we need to have very clear goals, what is it that you want to accomplish. As you look at bundling programs together either by block grant or some other fashion, you may want to start with like programs, maybe you can't—I don't think the system right now could go from the 163 to one program, but maybe that there are logical groupings of programs that you would want to look at, and I think to the extent that you can, now with the goals, the performance standards across those various programs or however you choose to arrange them, maybe the standards are different, maybe you have higher standards for people who are job ready who just lost a job because of an economic downturn versus someone who is economically disadvantaged, but some of the same basic core information you would probably want to have across programs.

What kind of training did they receive? What were the placement—what kinds of jobs are they placed in, what kind of wages, how many people were served are basic kinds of questions you would probably want.

The issue of developing standards is probably going to be an iterative one. You are going to take your best shot at figuring out what standards are, you have to understand when you start the process that you are not going to have a final system when you—a complete system when you start, but it is iterative, and you move in that fashion, and I think you want to focus mostly in the initial days of structural reform because if you have 163 programs, then the issue of making reforms, you then have to tie in all of those different offices and all of those different requirements which makes it far more difficult.

Mr. JACOBS. There is more than one transition that we are talking about here. Most of our focus and the tone of it has been on youth, their first experience in the workplace, whether they are disadvantaged or coming through a successful program.

Those standards academically need to be high for all students at the high school level, but it can't start there. It has got to start at

K and it has got to be reinforced all the way up through the system, and I think the States need to be encouraged to set their own standards around that so we have clear performance expectations in every State that are really benchmarked in their own way to the world class standard that we talk about in the rhetoric, and then hold to it.

I know very well, visiting an elementary school out in the flatlands of Oakland, when I asked the principal about the performance of her students, largely African-American, largely disadvantaged, she reported to me at the time that they were all in the 95th percentile or whatever it was, so we got to examining that sum, and it was when compared with people of a similar socioeconomic group. That does not compare them to their colleagues on Piedmont up on the hill, and that is the standard that needs to be met so we know how much more assistance is needed for those students, so that is one, the world class academic standards have got to be the actual foundation for this whole thing, and employment officers and admission officers need to be able to speak the same language so that we are sending a clear signal to parents of so-called college-bound students, half of whom would drop out of college, by the way, before they achieve their bachelor's degree, that this is important for them to do as well.

Mr. FEATHERSTONE. I will take a stab at it. Dr. Arnie Packer of Johns Hopkins University has had 50 to 60 people or 30 people together for four years working on their—and I will use my words—criterion for curriculum to bring about a high degree of manufacturing ability, associate degree of manufacturing is what it is called.

It took us four years to figure out how to talk to each other from manufacturing and education, and when we finally found out how to talk to each other, it came pretty fast.

We finally agreed at the last meeting at NAM about five months ago that what we had built is extremely high level of basic information that was needed, and that is available to you, Dr. Packer would give it to you.

I would like to point out, though, that I have taught school in Anacostia, I think that is the name of the area in Washington, and I have worked with inner city kids for over 30 years, and they start from a different level than the people in Orville, Ohio, but they are just as good as and can come up very fast, very fast to the level of the Orvilles and the Tulsas and have to be approached in a way that is a little different than the way Orvilles are, but with the same goals in mind because it is all possible.

Mr. ROWLEY. I am making two different speeches in California, the week after next I start with the first one, and I will assure you that that question that you just asked will be one of them that I will be asked when I finish the speech.

What I tell them from the local level and the State level in Oklahoma that what we have done is each discipline that has come on, we are talking school to work now, each discipline that has come on, then the employers and the school have sat down and decided first of all to what level do you want these young people trained before you are willing to put them into your work force, and they will specify very directly.

That way I get away from some of those words that you don't want to use that is going to get you killed right off the bat. They will tell you, I want them here, here, here. Well, what are you willing to pay if they are here, here, and here? Is this entry level? If it is, well you are a little high. If we are plugging in somewhere up the ladder, you are in good shape, and so when we get away from just the word standard itself, we are already setting that, we just need to sit down around the table as far as I am concerned and pull those all together and come to some reasonable agreement that I would like to be able to educate a machinist in Tulsa and have him go out to Jere's place and get a job, that is all I am saying is I would like to pull those standards up to where those are portable credentials that can be moved from one place to the other, that is what we are really doing, that is what we are all about.

Mr. RIGGS. Mr. Katz, the light is on, I know the Chairman probably wants to conclude the hearing. Let me just conclude my remarks by making a couple observations.

One is I notice that no one on the panel talked about competition between State and local job training providers. I personally think if we are going to develop standards, we will probably need to make that comparative data available for the whole world to see, so I wanted to focus on that.

I also think it is terribly important that the business community, employers with hire-fire decision-making authority tell us what sort of workplace literacy skills job training providers should be attempting to provide.

The last comment I wanted to make was that I think it is important, and this may take an Act of Congress, legislation, a freestanding bill or perhaps incorporated in some of our educational reform or job training efforts, but I think it is important that we allow employers to take into account student performance and academic achievement in the hiring decisions without fear of a civil rights lawsuit, so I am putting that out on the table now for our distinguished witnesses, and also for my Chairman, and I appreciate his indulgence.

Chairman MCKEON. Thank you. I can remember the common joke, an Act of Congress. It seems funny now to be sitting here discussing an Act of Congress with a chance of maybe doing something.

Mr. McIntosh.

Mr. MCINTOSH. Thank you, Mr. Chairman. Thank you for convening this hearing.

I think the problems that you are addressing here in this subcommittee are vital to the future competitiveness of the country and our work force and small businesses and large businesses around the country.

I had a couple questions. Let me start with the specific, then move to the general. A couple specific questions for Mr. Rowley in looking through your prepared remarks, how does the Tulsa Training Coalition compare with and interact with the local private industry council under the JTPA program?

Mr. ROWLEY. Somewhere in there there is a chart, in those remarks, third or fourth, Attachment B or something. The PIC is one of the cooperating agencies under the Tulsa Training Coalition.

While the Tulsa Training Coalition doesn't have the authority to set anything to them, they obviously want to be where all the training is going on or the coordination of the training is going on, and so therefore they sit as an equal partner really with the rest of the programs that we are doing to report where everybody knows what everybody else is doing.

That is part of the problem here is you get down to the local level from the programs that you have, and the left hand knoweth not what the right hand doeth, and in many cases the average citizen on the street does not know that the PIC exists, you know.

You can just go on down through the list of things like that, that the average person, employer, and you can go on down, doesn't know that half of these 163 programs are even around out there anywhere.

Mr. McINTOSH. Would you say, one, is it possible and, two, is it a desirable result to have a single employer-lead entity that would coordinate all those?

Mr. ROWLEY. It is a little self-serving for me to say this, but I obviously think the Chamber is the place to do that.

In most of the cities you are going to find that is at least an organized entity that belongs to the employer. Now there are lots of other names outside of—people who do economic development, you can go on down through the list of it, someone needs to take the role of the leader and if you don't get industry, you don't get the Chamber, you don't get people like that involved, these programs are really basically wasting our time. You have got to have the employer or their organization involved.

Mr. McINTOSH. Okay, without asking you to step on anybody's toes, I was working with Vice President Quayle who, as you know, has a lot of background in this area. We were looking at reforms to the JTPA and came up with a similar problem that there was not a unified entity at the local level.

At that point, because of his background in that area, he suggested that the private industry council be that central entity. Do you see that as——

Mr. ROWLEY. The focus of the private industry council is too narrow by law. You are talking about extremely disadvantaged folks. We have got a whole group of folks that need training from A to Z, so I don't see that—I see that that can be a very definite part of it, and I will also tell you that one of the reasons that I am about half concerned over the private industry council is it was envisioned, I assume, by then Senator Quayle that that would be operated, the management part of it at least, by CEOs of companies who had control of jobs, and I don't know how it is across the board, but in our place, the representative now of business, quote, unquote, may be 14th down the list in a company as far as having any ability to make any decisions, even to hire anybody out of the PIC, so you fall all to pieces very quickly if you aren't careful, if you don't specify what level these decisions are being made in.

Unfortunately in our case, we are spending $9 milllion a year in Tulsa County alone, over $50 million in the State of Oklahoma, and I would say most of the folks in Oklahoma don't have a clue as to how it is spent, sorry about that. I was as honest as I could.

Mr. **McIntosh**. That is exactly what I was looking for. Real quickly because I would like to get to a second subject, but is that view reflected by the other members of the panel generally?

Mr. **Jacobs**. Yes. My experience and what I know tells me that the quality of what is done in PICs varies widely, very wide, so generalizations around that are very difficult to make.

Mr. **McIntosh**. Okay. The second question that I was wondering, again when I was working at the competitiveness council, we toured a facility in New York City that was targeted for job training for disadvantaged people who are on welfare at the time.

It was America Works, and I think you may be familiar with their program, they have come out to Indianapolis and have worked with the mayor there. Without talking about one proprietary plan, the idea there that seemed to have a lot of merit was that they as providers of job training had a strong incentive to ensure that people were actually placed in a private sector job and stayed there for nine months because they received a bonus payment at the end of the time.

Those type of harnessing of the competitive forces among the providers of job training seemed like a good idea to me, it seemed to be working very well when we toured that facility.

Would any of you have any comments on that type of approach?

Mr. **Featherstone**. I can tell you that Will-Burt Company up through 1985, 1986 matched the EEOC rating of the area, and as of October 1993 are two, two and a half times the EEOC average of the area, and I contributed that educated people are blind to anything except good excellent performance, and that it happens.

I know it is a leap of faith, but it happens, that education will hire the very best in the area, regarding race, creed, color, anything, because teams, our people in our factories want the very best. It is astonishing to me to see the growth without any mandates or et cetera what happens.

Mr. **McIntosh**. This was a slightly different program. If I may, Mr. Chairman, just for one more second. What they did was measured the success of the program by how many people had jobs rather than how many people who had completed the training courses.

Mr. **Jacobs**. A nine-month time horizon is certainly better than 90 days, but it is still not long enough.

Mr. **McIntosh**. Okay.

Thank you very much, Mr. Chairman.

Chairman **McKeon**. Thank you.

I would like to close with one question. And I would like you to each respond to this in as brief a way as you can.

If you were king of this country for a day and could do whatever you wanted to really make things wonderful and you were faced with this many programs or 163 programs or 80 or 90 programs and you wanted to get the best end result out to those who would benefit from it, what would you do yourself maybe in one, two, three?

I saw Dr. Katz make a note. Could we start with you?

Mr. **Katz**. If I was starting out with those 163 programs, one would have several choices of different routes to go. One would be to essentially try to send, eliminate them nominally, sort of block grant it to the States and try to design a set of performance standards that would not be creamed and gamed.

I am fairly skeptical that that by itself will lead to much change. We right now already have State bureaucracies that largely operate these programs that will most likely continue doing what they are doing if that is our only approach.

We spent 20 years trying to design performance standards, and have not found that to be terribly successful by itself.

A second approach would be to sort of block grant it without any accountability whatsoever, which is likely to not be that successful by itself.

A third approach would be to try to add a little more competition and individual purchasing power to the system and to try to not think that we are going to design sort of centralized performance standards that everyone is sort of going to meet easily without being gamed, but one could imagine individuals having more purchasing power to pick from different providers, things such as skill grants, and one could also imagine the Federal Government, while allowing a lot of flexibility, still keeping its role as being the place that does evaluation of programs with sound scientific methods so that if we have a more decentralized system, one can actually learn something.

There is a major externality in that if one State does a program, the knowledge they gain can benefit 49 other States. Well, they don't have the incentive to go out and evaluate things for all the other 49 States, the Federal Government does have a major role, so what I would say is provide more purchasing power to individuals to make choices, have some good evaluation set up so that people can get the information on what is working and not working, and don't believe that we are going to invent a new set of performance standards that are slightly different than the ones we currently have, and whether it is six programs or 172 that aren't going to be gamed and they are going to somehow magically transform the system.

Mr. ROWLEY. I have no objection to looking at the area of block grants, but I think what I would do first of all is find out how many different agencies were putting out those grants, and I would pull it back down to a manageable size to where this committee and the rest of Congress could look to one place or maxed out two or three to know where and how the money is being spent.

I get confused from the other end who is doing what because on any given time, I can look in the Federal Register and I can find everybody from the Defense Department on down that is in the middle of training, that if I get thrown out on one grant, I can always go find another one somewhere to go after.

I think the confusion is because we have let it just piecemeal build up. It needs to come down from this perspective to that. I would have no problem at all with block grants coming to someplace where the individual at the head of that had been elected as a statewide office, but not continue to filter them through every independent agency inside State government itself because then from the local level, you get the same look that I am saying happens from the top down.

Put it at the governor's office with the requirements on there that it be done a particular way and now you understand it is because I am God for a day that I can say this because I know what kind of problems are going to happen to that governor. Right off the chief elected official in the education department is going to scream bloody murder, and you can go on, but I think sometimes we put money inside a department that is accustomed to doing business in a particular way and telling them to make changes when it is almost impossible for them to do so, I think you are going to have to look at a little bit different structure in order to get the changes that you want made in this, not just spend less money but, in fact, make the correct decisions as to what we are going to do with the future of education and training in this country.

Then when you get to the local level, I would do the same thing again, insist that a new coordinating group be set up at that agency, don't specify so much, let the local leadership, and that is a big part of it, it is the quality of the local leadership. I would insist that that be done again and not specify 25 different people that have to sit on a board before it can be done.

That is my contribution.

Chairman MCKEON. First thing, I elevate him to king for a day and he elevated himself right up.

Mr. FEATHERSTONE. You are asking a turnaround person how to turn it around. The first thing I would do is not look at that chart, I would determine what the problem is and the problem is that we have a seventh to eighth grade education level coming out at high school level, and we have millions of us out there that have—don't even have it that lucky, maybe we are third or fourth grade, and we have to correct that, and how would you begin to correct that, what agency would you establish to set the goals system and how would you design the system to correct that.

When Ford sent me out, I went in on Monday morning 6 a.m., by Wednesday, I had to call them and tell them what the problem is, and by Friday, I had to call them and tell them how to correct it and what date it would be corrected. That is the way it happened over and over and over again until my wife got tired of it and said quit this and stay at home once in a while, but it is simple that this is the same thing.

Chairman MCKEON. Let me just interrupt you a bit. Don't look at that, but we have that now.

Mr. FEATHERSTONE. I understand that, so did Ford have that in their plans. All I am saying is that if you want to address the problem, address the problem and then come back to this and say which of these agencies fit to address this problem.

Chairman MCKEON. I agree with what you are saying, so first we decide the problem and then Friday we are going to come back and say——

Mr. FEATHERSTONE. I always had to come back to what I had in the plant, and I say, okay, now how do we shift these things to address this problem, and how to meet these matrix of times that I have set for myself, and I only had two failures out of 20 some of the plants, and they hurt, but then I implement.

Chairman MCKEON. What size is your company?

Mr. FEATHERSTONE. Pardon?

Chairman MCKEON. What size is Will–Burt, how many employees?

Mr. FEATHERSTONE. We are 300, 326 men, doubled in 10 years.

Chairman MCKEON. Great. Thank you.

Mr. JACOBS. I would also not look at the chart, although I would understand that eventually we are going to have to deal with the constituencies that are represented around the boxes on that chart, which is a political problem that you folks need to address, but with our help.

I would leverage work that is going on in States right now encouraged under Goals 2000. You can't imagine the power that is going on in terms of trying to establish at the State level, where I think it is appropriate, performance standards within the school system and within schools so we have a clear language of expectations for all students, that is a fundamental building block for this.

We don't have it in California, and we need to achieve it, and that we encourage industries, and there are many, 15 or 20 around the country that are working together in ways they haven't worked before to establish some language is what I call skills standards, a language to communicate with educators about what expectations are, and those include a recognition that we are in an information age and the computer technology and the use of electronics, both to do work and to receive training, moving information rather than people are part of a high-performance workplace, and I would also empower the locals to work together, and I think business needs to play a big role in this.

In our State, the Employment Development Department, the community college system, the State Superintendent of Public Instruction to set standards around performance that would, if we need to, report what those are to you or to some Federal agency, but be held to it, and I think Mr. Crawford's comment that this is going to be an interactive process is certainly true, we are going to learn as we go along, so we ought to have that flexibility to change and have as long a time horizon as we can reasonably expect to have at that given point in time.

A 90-day placement without any assurance that we have provided for that individual to learn the basic foundation academic skills to then build in a lifelong learning mode their own career doesn't do that person any service at all.

The last thing I will say is that it is not just that transition from unemployment or from school. We have many people in California, Mr. Chairman, you know this very, very well, who are highly trained, highly educated who are making a transition from aerospace, they are making transitions as our economy responds from what it has been to what it is becoming, and we need to have an accessibility and standards and training access for those folks as well.

Mr. CRAWFORD. I have the easiest task. I would agree with everything that has been said.

I would just underscore the need I think to clear the slate. I think to look at that chart and try to figure out from that chart where you want to go, you won't get there. I think the most important things are to know exactly what is it we want out of this system, a system that focuses on employers and people.

When you go out and talk to people that run these programs, sometimes the last thing that gets mentioned is the person that is supposed to get help. Everything else gets mentioned first, and then only as a last step do they think about mentioning—we were out looking at a social program, a person was telling us all of the things that he was doing, and we were with him for a day and a half, and, as best I recall, he never mentioned the people.

So I think when you look at your system, look for ways to make sure that all of the people that are involved in the system have a stake in it and have an opportunity to gain, to make some kind of commitment or something. No more people involved in the system than you absolutely need to have involved, these infrastructures that grow up, training departments and activities that survive whether or not they are successful or not, and the last thing I would look at is when you come back to this chart, because you are going to have to come back to it, would be to look for opportunities to leverage the components.

There are some things that as Mr. Katz has pointed out and others have pointed out there are certain things that seem to be working reasonably well. Maybe we can take some of those concepts. The involvement of business in school to work is what we are also finding is good, maybe we can find better ways to leverage that, some of the delivery mechanisms from some of the programs that have been very successful, maybe there are things we could build in there as well.

Chairman McKEON. It sounds like we would have consensus that this isn't working, that we need to tear it down and start over some way once we decide what the problem is. In all the discussion today nobody has used the word vouchers that I recall.

Is that because they are no good or have we been concentrating more on the problem than on the solution?

Mr. CRAWFORD. I would say just on vouchers, I think that vouchers could be a part of a solution. I don't think vouchers in and of themselves would be a solution. Vouchers would reduce your costs, vouchers would place more decision making on the part of the individuals, place that in their hands, but at the same time to make vouchers work, you need to have good consumer information.

If I want to take a particular course and there are three places that offer the course, I need to have information about where I can get the best return, where I am most likely going to learn. You would want to be able to track outcomes. Vouchers in themselves won't necessarily allow you to do that, but these are things that could be fixed as part of a comprehensive strategy.

Mr. JACOBS. I would agree, the two fundamental pieces, informed choice and consequences for performance. Now, if a voucher becomes a symbol for how that works out, then that is the language that we can use, but informed choices and consequences for performance, good and bad, is what we need to find a way to put in the system.

Mr. KATZ. I didn't use the word vouchers, but the option I was presenting was one where individual purchasing power, call it a grant, call it a voucher, the key is information and individuals getting to make decisions rather than thinking we are going to set up a set of performance standards with centralized decision making, and I think, you know, our experience in the system that seems to be working best, which is our postsecondary schooling system with community colleges and with universities and with things like benefits for veterans, both returning from World War II and the GI bill and veterans benefits from Vietnam have been ones that have looked more like skill grants than vouchers with strong information and a market out there have actually seemed to have higher rates of return.

Clearly we need the information, and that is the role for doing evaluations and making sure that providers provide information out there, but I do think that our experience with performance standards versus places where individuals have greater choices suggests that that should be part of the system.

Chairman McKEON. One other thing. I think in most of the comments it was that we are thinking of sending things to the States. What about to the local communities?

It seems to me in my time on the school board and the city council that we had as much problem with Sacramento as we did with Washington, so how do you get right down to the local community?

Mr. FEATHERSTONE. I am on the governor's council in Ohio and we are working with—each of the communities from all over the State is working on the council. It is the sense that the Governor of Ohio is closer to the local schools than you are, the local areas than you are, and does apply that by having all of us through the State on the council. This is just Ohio.

Chairman McKEON. California, 32 million.

Mr. FEATHERSTONE. That we address the local, and we have a set school time, we don't stay on that board forever, somebody else comes in, and it is a very excellent setup to address local problems, and the governor is holding his council meetings every month or two months in local areas to listen to local programs, and I do think there is a direct tie.

Mr. JACOBS. I would agree. I think some statewide body is probably necessary, but they have got to quickly get down to regional concerns and that we ought not to try and prescribe what those regions are.

You know, a community of interest around people's needs is what will really drive performance, with one exception, and I think as far as the foundation of skills in terms of the academic part, that ought to cut right across the State of California or any other State because that is absolutely the foundation ground, but in terms of what you do in terms of actually what kinds of job training programs or whatever that you are offering, that has to be region specific.

Mr. ROWLEY. There is one additional thing to that. I think that the law we are currently operating under for school to work set it up basically where money coming to the States would come to the States competitively to begin with, and if the other States remaining did not get their act together where they could compete with that, then the agencies up here would deal with the local community who were ready to go. I don't have a problem with that.

I mean, that is a pretty good carrot for the States to get involved with whatever is happening or else lose out in the final analysis whatever the local community has to do. I think that is working now, as a matter of fact. I probably wouldn't be sitting here if that wasn't the case because we did manage to get that to work.

Chairman MCKEON. Thank you.

Mr. Souder, do you have any questions you would like to ask of this body?

Mr. SOUDER. No. I apologize. I just got in from Indiana and am late to the hearing, so I will pass here. If I have any questions, I will submit them in writing.

Chairman MCKEON. Appreciate your coming. Again, I want to thank each of you. I know this doesn't—it isn't easy to just drop what you are doing and come here and testify, but we really appreciate your input.

If you have anything more you would like to get to us at any time, please let's keep an open channel of communication. This is going to be an interesting process we are going through.

Thank you. We are adjourned.

[Whereupon, at 3:15 p.m., the subcommittee was adjourned.]

HEARING ON REFORM OF THE U.S. WORKFORCE PREPARATION SYSTEM

TUESDAY, FEBRUARY 7, 1995

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON POST-SECONDARY EDUCATION, TRAINING, AND LIFELONG LEARNING, COMMITTEE ON ECONOMIC AND EDUCATIONAL OPPORTUNITIES, *Washington, DC.*

The subcommittee met, pursuant to call, at 10:32 a.m., Room 2175, Rayburn House Office Building, Hon. Buck McKeon, Chairman, presiding.

Members present: Representatives McKeon, Gunderson, Goodling, Petri, Riggs, Souder, Williams, Andrews, Roemer, Becerra, and Green.

Also present: Representative Sawyer.

Staff present: Mary Clagett, Counsel; George Conant, Professional Staff Member; Vic Klatt, Education Coordinator; Sally Lovejoy, Senior Education Policy Advisor; D'Arcy Philps, Professional Staff Member; Richard Jene, Counsel; and Dr. June L. Harris, Education Coordinator

Chairman MCKEON. Good morning. I want to welcome this morning's witnesses to the second in a series of hearings that our subcommittee will be holding to examine how to reform our current collection of the U.S. Workforce Preparation Programs. As I noted at yesterday's hearings, this is of critical importance to American workers, to the U.S. employers and to the U.S. competitiveness in general. And it's very important that we determine how to establish and maintain a streamlined top quality and efficient system of workforce preparation in this country and what should be the role of the Federal Government in development of such a system.

At a time in this Nation when participation in the global economy requires that we move toward high performance work organizations built around highly trained workers yet we currently have a serious skills mismatch in the United States. Unfortunately, the United States currently does not possess a comprehensive cohesive system for workforce preparation. Instead we've created a collection of fragmented and duplicative programs. This has left many of us in Washington questioning what the Federal Government's role in development of such a system should be, particularly in light of budgetary concerns and inconsistent success in our current fragmented and duplicative job training programs.

While much of the debate surrounding federal workforce preparation efforts centers around problems within existing programs, in reality there are some very high quality programs in various States and localities on which a newly energized system could build, as

I'm sure we'll hear about this morning. However, with most of these success stories comes accompanying stories of frustration in overcoming federal barriers to effective program integration. The Federal Government should facilitate innovative and integrated service delivery, not stand in its way.

I look forward to hearing the testimony from this morning's witnesses as well as hearing from the Administration on its Workforce Development proposal.

With the understanding of our Administration witnesses due to time constraints on the part of several of our witnesses as well as anticipated upcoming votes, I'll ask that our witnesses appear on a single panel today with Under Secretary Smith and Assistant Secretary Ross leading off.

With that, I would like to welcome our witnesses here this morning.

Mr. Williams.

Mr. WILLIAMS. Thank you.

I, too, look forward to a continuation of these hearings, welcome our witnesses. I'll be brief because I want to hear from these folks.

We had good witnesses yesterday, but I was disappointed that I didn't get answers to my questions. I had two questions. Perhaps one or more of you on this panel would want to address either in your opening statements or later.

One was if States received flexibility under block grants, what changes would they make different from what they can do now? Now, I recognize there's a waiver process and you wouldn't have to go through the waivers, but that's a process question. What I want to know is what policy would the States develop that's different than what we do now?

The second question I asked of a couple of the business people that were on the panel yesterday, and that is that we recognize that employer based training is effective, at least one can demonstrate using certain data that it's effective to a greater degree than some of the other reemployment and job training efforts. Employer based training is also very critical to the employer because they're getting the benefit of the training. So my question was to them, look, in this time of great deficit could we develop a plan where employees pay of this cost and if they can't pay part of the cost up front, if the public pays the cost, will the employer guarantee a good paying job for a certain time, for two years or so?

And I didn't receive answers to either of those questions.

For the administration here today I'd also like you to be prepared to tell us why taking Pell grant money and transferring to the Department of Labor to use in a combination with JTPA is a good idea.

Thank you, Mr. Chairman.

Chairman MCKEON. Thank you.

I will introduce all the panelists and then we'll just go down in order if we wou'd.

First we'll hear from Doug Ross, the Assistant Secretary, Employment and Training Administration. Then from Marshall Smith, Undersecretary of the US Department of Education. Then from Paul Cellucci, Lieutenant Governor, Commonwealth of Massachusetts. Then from Peter Calderone, Commissioner of Labor from the

State of New Jersey and Pam Anderson, President, the US Conference of Mayors from Louisville, Kentucky.

Mr. Ross.

STATEMENT OF HON. DOUG ROSS, ASSISTANT SECRETARY, EMPLOYMENT AND TRAINING ADMINISTRATION, U.S. DEPARTMENT OF LABOR

Mr. ROSS. Thank you very much, Mr. Chairman, Congressman Williams, Members of the committee. I will summarize my testimony, of course, and submit the full written testimony for the record.

I believe we have an enormous opportunity before us at this time to dramatically reengineer the American workforce development system so that we can offer people in this country a set of opportunities that they can really use to prosper in this new economy.

As the folks from Saturn said when they started this quest to build a better kind of compact car in this country, and I quote, "If you always do what you've always done, you'll always get what you always got." And my fear, Mr. Chairman, is that if we only end up tinkering at the margins of this system, we'll continue to get what we've always got in the American employment and training system, which I think is not nearly good enough.

Now, I think we start with two areas of broad bipartisan agreement. The first is the criticality of skills and the ability of people to get skills to be a part of the middle class, to increase their standard of living and to learn their way into the middle class if they're on the outside. I thought your opening statement captured that very well, and that's been something that Democrats and Republicans have agreed on, I think, for considerable time.

The second thing, really, is the first question of whether the Federal Government ought to be involved. Times-Mirror poll did a major poll this past fall and they asked people "What is it you really want from the Federal Government given the limited resources and things you think they can do?" And along with enacting three strikes you're out literally on the same level was people said "The Federal Government ought to be increasing its expenditure in enabling people to get access to the skills they need when they need a new job or a better job." And although I don't usually quote Dan Quayle regularly, I thought he said about as well as anybody what that Federal role ought to be. Let me quote it briefly. "Business and industry do a good job of training individuals, but unfortunately they seem to take the cream of the crop. There is a certain structural group left in our society who will not receive any training, any opportunity in advance of skills unless the Federal Government has a comprehensive program that's geared toward and directed toward those individuals, and that is precisely why the Federal Government should be involved. There's no doubt about it," he goes on, "there is a role for the Federal Government in employment and training."

So the issue really, I think, is not if the Federal Government ought to be involved; it's really how. Unfortunately, and I'll be very brief, we now have 50 years of experience of Federal investment which I think are yielding some lessons which can inform our particular quest. Ironically our earliest model, I think, in some ways may have been our most successful, which is the GI Bill for returning veterans after World War II.

The GI Bill, when you go back and look at it, placed few restrictions on where veterans could get an education or training, or what they could study but it rather trusted their judgment to make those decisions. The GI Bill gave veterans purchasing power and freedom of choice in an open market, and I believe these features offer not a bad starting place for our own quest to figure out how to design a better system.

The second model was JTPA, which as you know, was developed with strong bipartisan support in 1982 under the Reagan Administration. Last year Congress appropriated about $4 billion through JTPA to invest in the training and placement of laid off workers, low income workers and disadvantaged young people. And, there's some decent results. We've done the first national report card on JTPA. 61 percent of low income workers enrolled, found jobs which they still had 13 weeks later at an average wage of $246 a week, and the record was especially strong with welfare mothers, which I think is important given welfare reform.

We also found that they were even better at finding jobs for laid off workers and that the wages of new jobs that they found averaged 92 percent of their former wages, which given the fact that you're losing seniority and everything else is a pretty darn good track record.

Indeed, I think JTPA offers two elements which we would do well to think about in our own new system. One, national performance standards based on outcomes not inputs; jobs found/wages received. And secondly, a leading role for the private sector in local governance of the system. But at the same time, JTPA, I think, has four deficiencies that undermine its effectiveness as the system of the future.

One, even with standards there are inadequate consequences for poor performance. There are still too many mediocre programs in this country and nothing happens if they remain mediocre.

Secondly, the current system is too complex and inflexible, too much focus on rules and process rather than outcomes like jobs found/wages obtained.

The third problem is almost nobody in this country has ever heard of JTPA and no one much knows which services are available in their local community. We've done focus groups, polls; invisible. No one knows it exists.

And fourth, most JTPA programs don't offer customers much choice at all. They tell you what they've precontracted for in terms of training programs. If you like those, fine; if you don't—it's kind of one size fits all in a world where as a former retailer, Mr. Chairman, you know that people demand customized products for their tastes.

A third possible model which has been frequently discussed in Washington these days calls for cutting Federal funds for employment and training and then block granting the remaining resources to the States. I have two thoughts on that.

Number one, cutting these funds is really a back door unfunded mandate. It doesn't change the responsibilities the States and locals have to deal with mass layoffs, lack of skills, disadvantaged youth. And as Governor Tommy Thompson said he didn't expect any meaningful administrative savings for States for at least four years.

As for block granting funds to States, it is, Mr. Chairman, an approach that has been tried and we believe has failed. For 30 years now we have been moving up and down the federalism ladder looking for the right level of accountability that will yield success. We had the Manpower Development Training Act in the '60s which put most of the accountability at the Federal level. It didn't work very well.

CETA block grant program actually shifted most of the control down to the local level and basically cut out the States. Serious problems with it.

JTPA put the States in a bigger role, but back on the level of responsibility for the Federal Government. All you have to do is go back to the GAO and the IG reports for all those years and all of those efforts at block granting were plagued by poor performance, misappropriated funds and excessive regulation and red tape.

So, we believe a central truth has really emerged after 30 years of honest trying: Accountability by bureaucracy doesn't work regardless of whether the bureaucracy is Federal, State or local. Put another way, simply shifting accountability for employment and training services from the Federal bureaucracy to the State bureaucracies will not improve performance in any significant way an answer, I hope, Congressman, to your question. That's why, and let me conclude, President Clinton is offering a very different model that replaces bureaucratic accountability with a market driven system of accountability based on individual empowerment, informed customer choice and provider competition. In forsaking a governmental command and control approach that has, frankly, continuously failed, the President is proposing a free market alternative with a long track record of success going all the way back to the GI Bill.

Now briefly, the President's GI Bill for working Americans is built around skill vouchers, one stop career centers and good labor market information.

Skill vouchers would be available to people who had lost their jobs or low income workers who were trying to earn their way into the middle class. It would be up to $2600 a year for a total of two years, or $5200. They would rely on information from one stop career centers that already half the States in America are in the process of beginning to build through a process worked out with governors, mayors, the private sector last year and to which States like Wisconsin, for example, have been significant leaders.

The third piece which is critical, is information; that's where protection against fraud and fly-by-night operatives really come from. Providing sound information of a consumer report type about how different institutions perform, what percentage of people graduate, who gets jobs for what they were trained in, what they get paid; that in effect what you need to make a marketplace work.

Also, the Bill of Right, the GI Bill for working Americans, consolidates several dozen programs to create a new school to work grant to enable local communities and schools and design occupational learning programs for at risk kids at dropouts, and the

President proposes to increase the level of investment in all of this by a billion dollars.

To conclude, Mr. Chairman, I don't believe that voters on November 8th asked for public resources they value to be transferred from Federal bureaucracies to State bureaucracies and the people who bring us the motor vehicle bureau and the welfare office. They want better bureaucracy. I think what they're saying is they want less bureaucracy.

The GI Bill for working Americans will empower Americans to take control of lifelong learning resources away from bureaucracies and put them in their own hands, much like the original GI Bill. I think this is a chance to return a part of the Federal Government directly to the American people in a highly visible way. It's a bold action I think we could take together this year that could positively impact the lives of millions of hardworking Americans.

Thank you very much.

[The prepared statement of Mr. Ross follows:]

STATEMENT OF DOUG ROSS
ASSISTANT SECRETARY OF LABOR
EMPLOYMENT AND TRAINING ADMINISTRATION
BEFORE THE SUBCOMMITTEE ON
POSTSECONDARY EDUCATION, TRAINING AND LIFELONG LEARNING
ECONOMIC AND EDUCATIONAL OPPORTUNITIES COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

February 7, 1995

Chairman McKeon, Congressman Williams, and Members of the Subcommittee, thank you for the opportunity to discuss ways to organize the workforce preparation and development system Americans require if we are to be globally competitive and prosper in a rapidly changing economy.

As noted futurist Alvin Toffler describes it: "...we are living through one of those exclamation points in history when the entire structure of human knowledge is once again trembling with change as old barriers fall...Just as we are now restructuring companies and whole economies, we are totally reorganizing the production and distribution of knowledge and the symbols used to communicate it."

As our Nation hurdles headlong into this Information Age, it is not surprising that a national employment and training system devised for the Industrial Age we are departing is no longer well fitted to our needs. In the knowledge economy in which we find ourselves we are aided by powerful new computer-based tools for processing and transmitting information that have freed millions from blue-collar and white-collar drudgery. But the use of these tools requires skills, formal learning, and the ability and willingness to constantly learn new things.

Skills: A Key to Middle Class Success

This dramatic new demand for skills has further strengthened the links between learning and earnings. Increasingly, the ticket to "knowledge jobs" and a middle-class wage is skill and formal education. Indeed, today each year of education beyond high school raises a person's annual earnings by 6 percent to 12 percent.

Any national strategy for enabling working Americans to succeed in this new economy must begin with strong job growth. Thanks to the President's deficit reduction strategy and the positive message it sent to financial markets, the jobless recovery of 1991 and 1992 turned into vigorous job growth over the last two years--nearly six million net new jobs with more than two-thirds in professional, managerial and technical occupations.

But for too many Americans, vigorous job growth has not translated into rising earnings. Since the late 1970s, 60 percent of America's families have watched their incomes decline in real terms. At the same time, families in the top 20 percent of the income distribution have realized a whopping 97 percent of the income growth since 1979.

Underlying these trends is the dramatic growth in the return to college education and the increased penalty paid by those who do not acquire any post-secondary education. For example, after adjusting for inflation, male workers with only a high school diploma saw their real earnings decline by 14 percent since 1979.

At the same time, college grads saw their earnings advantage over high school grads soar from 49 percent to 83 percent.

This same imperative for learning and skills applies equally to our youth. The labor market situation for young people with low levels of education has changed dramatically--in the wrong direction. In the late 1970s, half of recent high school dropouts held jobs; by 1992, only a little over a third did. Real earnings of young high school dropouts have declined by almost 25 percent over the same period. Therefore, any strategy for reversing adverse earnings trends must include boosting the learning achievements of our youth as well, especially the sons and daughters of the poor.

Continued job growth remains critically important to American prosperity. But as the President pointed out in the State of the Union, it is not enough. We must also develop policies to help working Americans realize rising standards of living again and resume their pursuit of the American Dream. We must find ways for Americans to boost their earnings.

The foundation of the President's strategy for boosting earnings as articulated in his Middle-Class Bill of Rights is based on building a better workforce and occupational learning system. The current Industrial Age system demands drastic re-engineering. But what shape should it take? And what should the federal role be?

The Public Supports A Strong Federal Role

The American people are clear on what the federal government ought to be doing. A recent Times-Mirror poll found that more than 80 percent of Americans -- Republicans, Independents and Democrats alike -- favor increased federal spending to provide job skills to those who need them for new or better jobs. Other polls consistently confirm this finding. Furthermore, a strong federal investment role in a national employment and training system has long been a matter of strong bipartisan agreement, and was championed by President Bush.

In short, there is a powerful consensus among the American people that the federal government needs to be part of the solution in ensuring that Americans can get the occupational skills they need to keep their jobs or get better ones. The real issue is not "if" the federal government ought to be involved in this area but "how".

Fortunately, we have fifty years of experience at our disposal. These five decades of education, job training and employment programs provide useful lessons about how we should and should not re-engineer our system of workforce development.

The G.I. Bill: Building Success on Individual Choice and a Free Market

One model to examine is the G.I. Bill which, in its successive versions, has helped millions of veterans acquire the knowledge and skills needed to make a successful transition to civilian life. The first G.I. Bill led a generation to prosperity by putting learning resources directly in the hands of ordinary Americans.

The G.I. bill placed few restrictions on where veterans could get education or training and what they could study, but rather trusted these decisions to their judgement. The result was a post-war America where veterans' new skills and knowledge helped to usher in an era of high productivity, flourishing creativity, rising wages, and middle class living standards for a majority of our people. The G.I. Bill gave veterans purchasing power and freedom of choice in an open market. These features offer a good place to start in building a better workforce development system.

JTPA: Some Success But Serious Flaws

A second model, the Job Training Partnership Act (JTPA), was developed in 1982 with strong bipartisan support from then-Senator Dan Quayle, Senator Kennedy, Congressmen Hawkins and Jeffords, as well as from some current Members of this Committee. Through the JTPA system flows a major portion of the Nation's investments to help laid-off workers find new jobs, low-income adults develop the skills needed to become self-sufficient in the job market, and disadvantaged young people obtain opportunities to pursue a path into the labor market. Four billion dollars are being invested in JTPA mainstream programs in FY 1995.

The Clinton Administration has sought to strengthen the focus on outcomes and accountability in JTPA. Late last year the Department issued the first annual JTPA report card. It revealed some solid achievements in placing poor adults in jobs, especially welfare mothers, and in helping laid-off workers find new jobs that substantially replace their former wages. For example, 61 percent of impoverished adults who left a JTPA program in 1993 were employed 13 weeks later, with average weekly earnings of $246. Across the nation, dislocated workers served by JTPA earned wages in their new jobs equal to 92 percent of their previous wages.

The JTPA system has two important features that should be preserved in a reinvented employment and training system: national performance standards based on outcomes and a leading role for the private sector in local governance. Unless a strong role for the private sector is built in from the start, we run the risk of failing to connect Americans to real job opportunities.

To be sure, some states and a large number of local public agencies and private non-profits are doing an excellent job of providing high-quality services. But JTPA has four serious deficiencies that undermine its effectiveness as the system of the future:

1) Many JTPA local programs are inflexible. Customers have little choice of training and services under JTPA and training options frequently are limited to the few courses of study offered under group-based contracts.

2) Even with national standards, there are inadequate consequences for poor performance. Many local areas continue to

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operate mediocre programs with no loss of funds or strong incentives to improve. States have simply opted not to fully exercise the remedies available to shape up these operations.

3) The current system is too complex and bureaucratic. Local providers spend too much time dealing with mandated federal and state requirements instead of focusing on improving job placement and boosting wages.

4) Most Americans have never heard of JTPA programs and the job placement and skill training resources available in their local communities.

In short, while the JTPA system has achieved positive results for some on the job placement and training front, especially for adults, its basic design does not provide a model for the effective, flexible, and customer-focused system we wish to build in this country.

Cut and Block: Tried and Failed

A third possible model for re-engineering the U.S. workforce development system is one that is frequently discussed on Capitol Hill these days: Cut federal funds for employment and training and block grant the remaining resources to the states.

We believe that cutting federal investment in this critical area is nothing less that a back door unfunded mandate. Governors and mayors have no choice but to respond to mass layoffs, workers with obsolete skills, and the challenge of unskilled disadvantaged youth. Cutting their funds won't reduce their responsibilities in this area, only reduce their resources.

As for the proposal to block grant these funds and deliver responsibility to the governors, it is an old approach that has been tried and failed. Indeed, for more than thirty years we have been moving up and down the federalism ladder looking for the right level of responsibility and accountability that will yield success. We have lingered on every rung.

Under the Manpower Development Training Act of the early 1960s, there was a strong federal presence. The multiple programs under the Comprehensive Employment and Training Act created a strong role for local government, often bypassing the states. JTPA reduced the role of the federal government, enhanced the role of the states, and retained a strong role for local level policy and initiative. Problems of poor performance, misappropriated funds, and excessive regulation bedeviled each of these attempts at lodging accountability at different levels of government.

The recent experience with JTPA is eloquent testimony to the futility of pursuing simple block granting to the states. When enacted in 1982, JTPA was envisioned and designed as a block grant to the states. However, growing numbers of reports from the GAO and the Office of the Inspector General of misuse of federal dollars and poor performance at the state and local level led the Bush Administration and a bipartisan coalition in Congress to reassert federal accountability through a set of new rules and regulations enacted in 1992. While an understandable response, the reaction made JTPA even less flexible.

A central truth has emerged after 30 years of honest trying: Accountability by bureaucracy hasn't worked in employment and training, regardless of whether the bureaucracy is federal, state or local. The rule-generated systems and process monitoring that are the principal accountability tools of bureaucrats generate reams of paper, endless audit disputes, efforts to evade contracting rules, and too little attention to measuring success by outcomes and customer satisfaction.

Put another way, simply shifting accountability for employment and job training services from the federal bureaucracy to state bureaucracies will not improve performance one whit. As our private sector friends say when they rethink the design of their plants and companies, "If you always do what you always did, you'll always get what you always got."

The President's Proposal: Empowerment and Informed Choice

That is why President Clinton is offering a different model that replaces bureaucratic accountability with a market-driven system of accountability based on individual empowerment, informed customer choice, and provider competition. In forsaking a governmental command-and-control approach that has continually failed, the President is proposing a free-market alternative with a long track record of success.

The President's G.I. Bill for America's Workers is fashioned around a set of principles that have emerged from lessons learned from the original G.I. Bill, JTPA, extensive discussions with members of this subcommittee, Senator Kassebaum and members of her Committee, and representatives of the private sector. The seven central principles are:

- Empower individuals to choose the services and training they need;
- Provide job seekers high-quality information on job opportunities and the success records of training institutions so they can make sound decisions;
- Provide greater flexibility to States and local communities to fashion effective, integrated information and counseling systems;
- Include the private sector as a strong partner in the design and provision of services, monitoring quality, and recognizing achievements;
- Manage for results -- not input or process goals;
- Focus on customers' needs rather than bureaucratic rules and paperwork requirements; and
- Use market competition to ensure accountability.

The President's proposal would consolidate 70 different federal programs into four simple systems and free states and local communities from the maze of conflicting federal rules and regulations. It is a proposal, Mr. Chairman, I believe you will find entirely consistent with the principles articulated so well in the legislation you introduced to create a comprehensive workforce development system.

The President's proposal has four parts--an adult workforce development system, an adult education and family literacy system, an accelerated school-to-work reform effort focussing on in-school youth, and a second-chance school-to-work system focussing on youth dropouts. The President's Fiscal Year 1996 Budget proposes to increase investments in these systems by $1 billion. Let me focus on the adult system and the second chance system for young people.

For Adults: Skill Vouchers and One-Stops

The G.I. Bill for America's Workers combines $6.3 billion from 27 different programs to create a workforce development system designed for adults in the new information society. This system relies on market mechanisms, individual opportunity and informed choice to create effective accountability.

The new system will empower adult Americans to take control of lifelong learning resources away from bureaucracies and into their own hands--much like the original G.I. Bill. One of its key components is to give purchasing power to individuals through Skill Grants. These vouchers would be available to Americans who lose their jobs and need new skills, as well as to low-income workers seeking to learn their way into the middle class. Skill Grants would provide to laid-off workers and disadvantaged people buying power of up to $2,620 a year at an approved institution of an individual's choice. An estimated 2.1 million dislocated and economically disadvantaged men and women would use these vouchers each year to prepare themselves to prosper in the new economy.

The second part of the President's proposed adult system provides incentives to states and local communities to build a comprehensive One-Stop Career Center system in full cooperation with the private sector. The President's one-stop strategy expands on the approach designed jointly with the governors, local elected officials, and the private sector last year.

Many States and local communities have started to transform the current system of multiple, separate categorical programs into a customer-friendly, accessible, and coherent One-Stop system. Six States -- Connecticut, Maryland, Massachusetts, Iowa, Wisconsin and Texas -- are the first States to begin statewide implementation. Ten more "leading edge" States will implement One-Stop systems July 1. Nineteen States which were committed to One-Stop but needed more time were provided with one-year planning and development grants. Other States will receive these one-year grants during 1995.

The approach calls for state-local agreements for eventual integration of Employment Service offices, the JTPA system, and other institutions such as community colleges, community-based organizations and private providers into a coherent One-Stop system. States and local communities in cooperation with the private sector would have complete flexibility to design their own system, so long as it met the following basic federal accountability standards:

- Universality: The One-Stop system must make available an array of job finding and employment development services to all populations.

- **Customer Choice:** The system should provide customers with options and choice of where to get the services that best meet their needs.
- **Integrated System:** Programs, services, and governance structures must be as fully integrated as possible.
- **Performance-Driven/Outcomes-Based:** The system must be clear in the outcomes it seeks to achieve and the consequences for failing, and measure whether performance is actually achieved, including whether customers are satisfied with the services they receive.

The President is proposing that the agreements reached in these One-Stop proposals replace virtually all existing federal rules and regulations. Governors, mayors and private sector leaders would have full flexibility to design the system they believe will serve their customers best, consistent with the four accountability principles outlined above.

The President also has called for financing an electronic-based Labor Market Information system that would be housed in these One-Stop Career Centers. This LMI system would have many components, including a system for accessing information on job vacancies across the United States. This month, America's Job Bank -- a listing of work opportunities in the U.S. and other locations worldwide -- will be available to job seekers on the Internet. Field tests of electronic talent banks enabling employers to search through a pool of resumes will begin in Michigan and Missouri in early summer. Consumer information on how well programs perform and how successful they are at placing people in jobs would also be available so that One-Stop users could make informed choices of schools and occupational programs.

Voters on November 8 didn't ask for public resources they value to be transferred from Federal bureaucracies to state bureaucracies--the people who bring us the motor vehicle bureau and the welfare office. They don't want better bureaucracy. They want less bureaucracy. The G.I. bill worked for more than 2 million veterans returning from World War II into a new and uncertain economy and it helped launch a new era of unprecedented prosperity. Working Americans in a fast changing global economy deserve a comparable opportunity free from bureaucratic frustration and maddening red tape. This is a chance to return a part of the federal government directly to the American people in a highly visible way. We can do it this year.

For Kids: Second Chance School-to-Work System

Another integral part of the President's proposal combines about 30 different programs and $2.9 billion to finance school-to-work systems for both in-school youngsters as well as a second chance system for dropouts. These systems build on what works. They respond to state and local needs. They integrate academic and vocational education, link secondary and postsecondary education, provide worksite learning opportunities, and fully involve the private sector. This initiative would consolidate most funds under the Perkins Vocational Education Act into one grant to states, making vocational education funds an integral part of school improvement strategies that directly relate to the school-to-work systems states and local communities are building.

The second chance component of the system would consolidate funds under JTPA's current year-round youth and summer programs into one grant to help states and local communities connect classroom-based learning with work-based learning opportunities and jobs for high-risk students and young school dropouts. Thus, employers would play a central role in preparing young people for the job market. The Second Chance grant would empower local institutions to manage resources to assist youth likely to have the most difficulties in making a successful transition into stable employment and a career path. The program would serve primarily low income school dropouts, although summer jobs would still be available to in-school disadvantaged youth. A portion of youth who received summer jobs through the program -- and who were identified at most risk of dropping out -- also would receive specialized intensive services in school. Most importantly, states and localities would be free to integrate Perkins, JTPA, Title I and other relevant resources into one integrated system.

A Time For Boldness

As you declared in your recently introduced bill, Mr. Chairman: "The knowledge and skills of the United States workforce are fundamental to the economic competitiveness of the Nation today and in the future, however, the United States does not currently possess a comprehensive, effective, and efficient system of workforce preparation and development."

Mr. Chairman, Secretary Reich and I agree with you.

But if we are to better equip Americans to compete and prosper in this new information economy, we must be bold. Mere tinkering with existing programs will not do. Cutting and block granting federal funds to the states is an old approach that has not worked. Moving funds from one bureaucracy to another is little more than an old-style shell game, hardly the kind of bold reform Americans voted for in 1992 and 1994.

The President has called for a federal government that creates opportunities not bureaucracies. Fashioning a bipartisan action plan to re-engineer the American workforce development system along the lines set forth in the G.I. Bill for Working Americans would be a big step toward achieving this goal.

Thank you.

Mr. **McKeon**. Thank you.

Mr. Smith, the Lieutenant Governor needs to catch a plane and if we could, let's skip to him now.

STATEMENT OF HON. ARGEO PAUL CELLUCCI, LIEUTENANT GOVERNOR, COMMONWEALTH OF MASSACHUSETTS

Lieutenant Governor **Cellucci**. Thank you very much, Mr. Chairman for that courtesy, and thank you very much for inviting me to appear before your subcommittee today. I'm very pleased to be on this distinguished panel and tell you a little bit about what we're doing up in Massachusetts.

The subject, of course, is the need for a skilled workforce and an effective customer driven workforce development system to ensure that we as a country remain competitive in the years ahead.

When Governor Weld and I took office back in 1991, he asked me to become the chairman of the MassJobs Council, which oversees the job training programs and the various secretariats and agencies in our State government. We identified back then about $700 million that we were spending each year in public funding, Federal, State and local on workforce development programs.

In looking at these resources, we also identified some significant barriers that exist in getting the most out of that funding, and over the last four years we have worked to try to remove these barriers.

To address the fractionalized nature of the services, we have taken on the task of developing school-to-work and on-stop career center systems.

And to address the unnecessarily centralized nature of the bureaucracy, we have worked aggressively to establish private-sector led regional employment boards across the State. These 16 boards provide policy oversight for the entire range of $700 million in funding that I mentioned previously.

One strategy that Governor Weld and I fully support are the efforts to consolidate the dozens of federal job training programs (and I'm told that the General Accounting Office counts 154 different programs), to give the States more flexibility to meet the specific needs of their economies.

An example of the problems of rigid categorization, there are currently three job search programs just for veterans, one of which is only opened to disabled veterans, but none of these programs offers training. There are also two programs for older workers, one of which offers only training and is strictly means-tested, while the other offers only community service jobs but is open to people with moderate income. And there are three different programs for refugees, one of which provides only job search and English-as-a-second language classes but is run statewide; one of which has occupational training but is only available in areas with a high concentration of refugees; and a third that offers only labor exchange services.

I'm confused by all these categories. Now think how workers and employers and other citizens who are trying to access the system feel.

In terms of consolidation, the multiplicity of programs creates a maze of confusion rather than clearly defined results. The truth is that the more categorical a program is, the more chance there is for unneeded overlap and more unneeded bureaucratic requirements, all at a greater expense to the taxpayer.

The provision of block grants would enable Massachusetts to continue to focus on customer-identified needs, the customers being both the employers and the workers across our State. Customers in the market must drive the system. In Massachusetts, the 16 Regional Employment Boards have identified the current and emerging industries in their regions, many in high tech fields which are going to need skilled workers to remain competitive.

I want to try to address Mr. Williams' questions even though he's not presently with us.

As an example, we have a cluster of biotechnology companies and they require laboratory technicians and workers with skills in biotech manufacturing. And we have worked with the Middlesex Community College and the Minuteman Vocational High School, which are both along the Worcester-Cambridge biotech corridor, to establish these certificate programs.

Now, what happened is the biotech executives came and met with me because they said "This program is working, we need to put more funding so that we can get more people with certificates because we will hire them. If they get the training, we're going to hire them because our business is growing." And this is what we need by giving the States more flexibility. We were able because we had some flexible State dollars to allocate some additional funds to this program that's working. But unfortunately, with many of the categorical grants we don't have that kind of flexibility. That's exactly the kind of flexibility we need to make sure that the money is going to programs that are equipping workers with skills so they can get hired right away.

And the second thing I would say is that we do think the employers should pay part of the costs. We do think the employees should pay part of the costs. And in this particular program at the community college level the employee or the worker is paying tuition to go to the community college. And in both of these programs both at the community college and at the vocational high school, the industry is donating equipment and in-kind services; so they are stepping up to the table and providing funding. So we really do see it as a public/private partnership, and I think this example addresses the questions that Mr. Williams had raised, now that he's just returned.

Mr. WILLIAMS. I was listening to you.

Lieutenant Governor CELLUCCI. All right.

So we do think a block grant approach would simplify Federal job training activities while eliminating costly duplication, increase the flexibility of effective programs by eliminating categorical constraints and improve the effectiveness of training by giving end users, American employers, a major voice in setting local policies through the Massachusetts Job Council and through the regional employment boards, which as I mentioned earlier, are led by private sector representatives. And under the block grant structure the Federal Government could set broad measures of performance against which State and local recipients would be held accountable.

The important thing to bear in mind, of course, is that expectations and the needs of a knowledge based high tech economy such as we have in Massachusetts would be different from a more agrarian economy in other States. There needs to be flexibility for legitimate difference.

The States should be expected to set policy for and oversee job-related and training activities, and to allocate the block grant funds to local boards. That's why we see the Regional Employment Boards in Massachusetts as an important infrastructure to have in place, and we're pleased that they are already in place.

And the local business boards would be expected to determine the types of training and services that should be offered, and to select the training it provides. We also think they can ensure that local services are delivered through "one-stop" centers, to be chosen competitively from public, non-profit and profit-sector bidders.

In fact, Massachusetts has recently received a three-year $10 million grant to establish One-Stop Career Centers across the State. And yesterday we had the first meeting of the committee that will oversee this, and it once again is dominated by private sector representatives and labor representatives, I would point out. These are going to be chartered to the career centers by the Regional Employment Boards and the centers will have to meet the customer requirements, provide the training and find their workers job.

Now finally, Mr. Chairman, I would also like to take this opportunity to emphasize the importance of school-to-work programs in the States. Even in a State like Massachusetts, which is saturated with colleges, 40 percent of the kids who graduate from high school do not go on to higher education. School-to-work programs reach out to them, and also to high schoolers who will further their training and education.

We've received a $27.5 million grant under the School-to-Work Opportunities Act of 1994, and we plan to have 50 percent of all 11th and 12th graders in Massachusetts involved in school-to-work programs by the year 2000. Now this, obviously, is going to require the involvement of the private sector, and I'm pleased to report that the private sector is anxious to participate in this effort. And I cannot emphasize enough to this committee the importance of school-to-work initiatives. We need to make sure that when these kids come out of high school who are not going on to higher ed, that they have skills, they have employable skills so that they can get a job and have a life.

Again, Mr. Chairman, I want to congratulate this subcommittee for focusing on ways to make our education, job training, and employment programs work more effectively and efficiently. I also encourage you to provide incentives for States to be creative and innovative in reinventing our system. Our State, Massachusetts, fully embraces the block grant program as a means to streamline government, improve related education and job training programs, and drive the innovation at the local level, where it really counts.

Thank you.

[The prepared statement of Lieutenant Governor Cellucci:]

Lt. Governor Paul Cellucci

Testimony Before the House Subcommittee on Postsecondary Education, Training, and Lifelong Learning

Tuesday, February 7, 1995

Good morning, everybody, and thank you, Mr. Chairman, for giving me this opportunity to testify before your subcommittee on a subject of special interest to Massachusetts, and many other states. And that subject is the need for a skilled workforce and an effective workforce development system to ensure that we, as a country, remain competitive in the years ahead.

When Governor Weld and I took office back in 1991, he asked me to serve as chairman of the MassJobs Council. At the time, we identified over $700 million in public funding (federal, state, and local) that is spent annually on workforce development programs in Massachusetts.

In looking at these resources, we also identified some significant barriers that exist in getting the most out of that funding. Our work in the past four years has been designed specifically to address and remove these barriers.

To address the fractionalized nature of services, we have taken on the task of developing school-to-work and one-stop career center systems.

To address the unnecessarily centralized nature of the bureaucracy, we have worked aggressively to establish private-sector led Regional Employment Boards across the Commonwealth. These 16 boards provide policy oversight for the entire range of

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the $700 million in funding I mentioned previously.

One strategy that Governor Weld and I fully support are the efforts to consolidate the dozens of federal job training programs (I'm told the General Accounting Office counts 154 different programs), to give states more flexibility to meet the specific needs of their economies.

As an example of the problems of rigid categorization, there are currently three job search programs just for veterans, one of which is open only to disabled veterans, but none of these programs offers training. There are also two programs for older workers, one of which offers only training and is strictly means-tested, while the other offers only community service jobs but is open to people with moderate income. And there are three different programs for refugees, one of which provides only job search and English-as-a-Second Language classes but is run statewide; one of which has occupational training but is only available in areas with a high concentration of refugees; and a third that offers only labor exchange services.

I'm confused enough by all these categories. Think how workers and employers and other citizens must feel!

In terms of consolidation, the multiplicity of programs creates a maze of confusion, rather than clearly defined results. The truth is that the more categorical a program is, the more chance there is for unneeded overlap and more unneeded bureaucratic requirements, all at a greater expense to the taxpayer.

The provision of block grants would enable Massachusetts to continue our focus on customer-identified needs, the customers being employers and workers across our state. In Massachusetts, the 16 Regional Employment Boards have identified the current and emerging industries in their regions, many in high tech fields, which are going to need skilled workers to remain competitive.

Biotechnology companies, for example, require laboratory technicians and workers with certificates in biotech manufacturing. We've worked with the Middlesex Community College and the Minuteman Vocational High School, which are both along the Worcester-Cambridge biotech corridor. In the past two years, they have trained more than 160 people who have all found jobs with biotech companies.

We think a block-grant approach would:

- simplify federal job-training activities while eliminating costly duplication;
- increase the flexibility of effective programs by eliminating categorical constraints; and
- improve the effectiveness of training, by giving end-users -- American employers -- a major voice in setting local policies through the MassJobs Council and the Regional Employment Boards.

Under the block grant structure, the federal government

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could set broad measures of performance against which state and local recipients would be held accountable. The important thing to bear in mind, of course, is that expectations and the needs of a knowledge-based, high tech economy, such as we have in Massachusetts, would be different from a more agrarian economy in some other states. There needs to be flexibility for legitimate difference.

The states should be expected to set policy for and oversee job-related and training activities, and to allocate the block grant funds to local boards. That's why we see the Regional Employment Boards in Massachusetts as an important infrastructure to have in place.

And the local business boards would be expected to determine the type of training and services that should be offered, and to select training provides. We also think they can ensure that local services are delivered through "one-stop" centers, to be chosen competitively from public, non-profit, and private-sector bidders.

In fact, Massachusetts has recently received a three-year, $10 million grant to establish One-Stop Career Centers across the state.

These are going to be chartered by the Regional Employment Boards, and the centers will have to meet the customer requirements, provide the training, and find their workers the jobs.

Finally, Mr. Chairman, I would also like to take this opportunity to emphasize the importance of school-to-work programs in the states. Even in a state like Massachusetts, which is saturated with colleges, 40 percent of the children in our Commonwealth do not go on to college. School-to-work programs reach out to them, and also to high schoolers who will further their training and education.

We received a $27.5 million grant under the School-to-Work Opportunities Act of 1994, and we plan to have 50 percent of all 11th and 12th graders in Massachusetts involved in school-to-work programs by the year 2000.

Again, Mr. Chairman, I want to congratulate this subcommittee for focusing on ways to make our education, job training, and employment programs work more effectively and efficiently. I also encourage you to provide incentives for states to be creative and innovative in reinventing our system. Our state fully embraces the block grant program as a means to streamline government, improve related education and job training programs, and drive the innovation at the local level, where it really counts.

Thank you.

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Chairman MCKEON. Thank you, Governor. And I realize you're going to have to leave maybe before we get to the question period. So, with your permission, any Members that have questions, if they can put them to you in writing, I'd appreciate it if you could respond on those.

Lieutenant Governor CELLUCCI. Thank you.

Chairman MCKEON. Secretary Smith?

STATEMENT OF HON. MARSHALL SMITH, UNDERSECRETARY, U.S. DEPARTMENT OF EDUCATION

Secretary SMITH. Mr. Chairman, Congressman Williams, distinguished committee Members, I'm delighted to be with you today. I'd like to submit my longer testimony for the record and make a short opening statement.

In today's economy what you earn depends on what you have learned. Increasingly, high paying jobs require both high skills and a capacity to continue learning. To address this fact of modern economic life, the President and the Congress with broad bipartisan support worked together over the past two years to put in place many of the key elements of a life long learning agenda that will help all Americans to prosper in the new economy. A strengthened Head Start program, the Goals 2000 Educate America Act, the Improving America Schools Act, the School-to-Work Opportunities Act, and National Service institute those reforms.

The missing pieces of this agenda are a strategy to help adult workers get and keep jobs and a strategy to make sure that all of today's youth, the workers of the future, are prepared for tomorrow's careers.

The GI Bill for American Workers, point four of the President's Middle Class Bill of Rights, lays out strategies to upgrade the skills of today's workers and prepare the workers of tomorrow for high wage jobs.

Existing federal programs don't solve this problems for five reasons.

First, most programs don't give individuals choice. In most training programs governments make choice about jobs and training for individual.

Second, there is a severe lack of good information about jobs, required skills and the quality of training institutions and other services. For example, even though today's Pell Grant and student loan recipients do have a choice of education and training providers, they do not have easy access to good information on the quality of the program or its graduate successes in the labor market.

Third, accountability for high performance is almost totally lacking. Today in many federally funded programs institutions can continue to get federal funds regardless of performance. They have little incentive to continually upgrade the quality of their offering or to find out whether their trainees got jobs, increased their earnings or went on to higher education.

Fourth, many current government programs are fragmented and rigid with conflicting rules and structures and layers of bureaucracy and with no vision of how the parts fit together. The Federal Government is too far away from local labor markets and training providers to know what's needed in each community.

And fifth, there is no coherent system for providing training to the youth of America for careers and further education.

Our proposal will streamline about 70 existing programs into flexible grants that allow States and local communities to tailor services to local needs. Consolidation hasn't been our primary goal. Our real goal has been to try to design a better way to meet the training needs of the American people. To reach that goal we are proposing two distinct but consistent and linked strategies: one for adult workers and one for youth workers.

For adults, the proposal's essential components are Skill Grants, one-stop career centers, a strong accountability system and a streamlined adult education and literacy system.

I would like to provide you with some details in each component and illustrate how each improved significantly on the existing situation.

Skill Grants. The proposal expands opportunity and choice by offering individual skill grants so that displaced workers and low income adults can get the education and training they decide they need at any eligible institution that they choose.

Adult workers who have lost their jobs through no fault of their own, as well as low income adults, will be eligible for skill grants of up to $2620 per year for up to two years to obtain technical and other training at levels below the associate's degree that will help them rejoin the mainstream.

For the disadvantaged, eligibility rules in the first years would be the same as for Pell Grants. Beyond that States could have flexibility to design the system that best meets local needs.

For dislocated workers there would be no means test. We estimate that about 1.8 million low wage workers and nearly 300,000 dislocated workers will receive Skill Grants.

To fund the Skill Grants we plan to combine the roughly 30 percent of Pell Grant funds that are now spent on nondegree education and training with JTPA Titles II and III and other training funds for adults. These Pell funds are the portion that currently supports education and training that is more vocationally oriented and shorter term than that leading to a college degree.

The $2,620 available for a skill grant will be the same amount available to eligible institutions seeking degree level education and training as we are proposing to raise the Pell Grant maximum from its current level of $2,340 to $2,620.

Let me give four reasons in response to Congressman Williams' question about Pell Grants, the question being why do we propose to move the Pell Grants to combine them with the JTPA to form one system of grants for both dislocated workers and for low income adults.

The first reason is that we believe it would be simpler for the user. Instead of having two funding streams there is one funding stream. Instead of having a system of government placements into jobs or into training opportunities, they would have the opportunity to go to any of the institutions that were eligible.

The second is related in that it puts all of the dollars into the hands of the user.

The third is that our proposal increases the opportunity for information. Right now people who receive Pell Grants don't have easy access to one-stop-shopping, don't have easy access to the kinds of information that might lead them to choose a job instead of training.

And fourth, we propose State flexibility to meet particular economic conditions of a State or other conditions of a State so that after the first year States would be able to move around the money a little bit to target the money more on folks who are at risk of not getting a job, to target it on dislocated workers if the economy happens to be down in a particular State.

To our senses, Pell Grants are the largest funder, the largest funder, outside of loans of training opportunities in the States and local communities. We felt that they should be combined with JTPA funds to provide the kind of flexibility that I just mentioned.

Further, all individuals attending postsecondary institutions will also be eligible for students loans as an affordable way to finance training. These loans will have flexible repayment options including income contingent or pay-as-you-can repayment schedules. We currently estimate that about 27 million individuals will take advantage of student loans.

The second major component of one-stop career centers, the proposal will give individuals the information they need to make sound choices with the system of one-stop career centers that Secretary Ross described to you.

The third component is accountability and information. It's an absolutely critical component. The proposal provides individuals protection from disreputable or ineffective providers through strong accountability mechanisms, including a consumer reporting system focused on student outcomes connected to the certification providers. Only those training providers that can show satisfactory outcomes will be certified to enroll students receiving federal funds.

Beyond the training provider reporting system we will build on a gatekeeping system that we've put into place with the student aid programs to review the performance of postsecondary institutions and weed out those that are performing poorly.

We plan to modify the existing approach, strengthen the 1992 amendments that assigns various eligible determination and program review functions among the Federal Government, States and accreditation agencies

Specifically, we are reviewing the appropriate roles for the different parts of the triad in gatekeeping to ensure accountability without excessive burden. We have begun working with the higher education community and others, and we look forward to working with you to develop the specifics.

The fourth major component is adult education and literacy system. The proposal creates a streamlined adult education and literacy system to help individuals master the basic skills needed to succeed in training and job search. If they lack these basic skills, most adults cannot be productive workers, effective parents or involved citizens.

Our strategy is to focus and strengthen federal adult education efforts by streamlining a dozen existing Federal programs into a single State grant to support a range of adult education and literacy services which States could tailor to meet their adult learners' needs. These services may include family and parental literacy, basic skills education, high school equivalency education and English classes for adults who speak other languages.

We expect some three to four million adults annually to receive adult and family literacy services under the new adult education and family literacy grant.

Furthermore, as part of this effort we plan to work with States and communities to raise standards for adult education, especially in high school equivalency preparation. In addition, the one-stop career centers will link adults to literacy and other educational services as well as the information on employment and training. Until now people in adult education have not had easy access to such information.

For youth, our strategy is to bring more than 30 desperate Federal youth training programs together into two streamlined flexible grants designed to help States to advance their school-to-work systems. The 1994 School-to-Work Opportunities Act was built on research findings about key features of successful programs. These include integration of academic and vocational learning, a clear and coherent sequence of courses focused on students learning to high standards, links between secondary and postsecondary learning and a blending of school-based and work-based learning with employers providing meaningful work experience related to what is learned in the classroom.

Under this law all States will receive school-to-work implementation grants, but these expire after five years. In the youth component of this initiative we propose using Perkins, JTPA and related youth programs to help State and local school to work system take hold.

For in-school youth our proposal would use Perkins Educational funding to support emerging school-to-work systems in high schools and colleges. Although Perkins funding provides only 10 percent of the total spent on vocational education today, its impact is key. Recent evidence shows that Perkins funds have a strong influence on how State and local funds are spent. Our approach is intended to help make challenging school-to-work programs available to far greater numbers of young people that then could otherwise participate as States phase in their school-to-work systems.

We propose to continue targeting Federal funds from low income communities and schools with high concentrations of special population students to increase opportunities for all young people to participate in quality school to work programs.

In addition, States will gain substantial flexibility to integrate vocational/education reform with the broad school reforms that they and local districts are carrying out in other areas.

For out-of-school youth, a consolidated grant to States and support "second chance" systems for out-of-school youth and other high risk youth we'll marshal existing JTPA and other resources to support that same sort of school-to-work approach.

We look to States and communities to develop a variety of ways to develop education and training to out-of-school youth. We also wish to consider ways to build bridges between the new in-school and out-of-school youth systems and bridges to the adult system. At a minimum we expect the youths would be able to move between the systems and that learning standards would be consistent.

In conclusion, the Nation's economic security and the prosperity of American families depend on today's and tomorrow's workers having solid skills and positive attitudes toward learning. Workforce policy calls for a national vision, but to succeed policy implementation must be carried out in a partnership of Federal, State and local efforts. We believe that the strategy embodied in the President's proposal embodies just such a partnership.

Thank you for the opportunity to address you this morning. My colleagues and I would be delighted to work with you in the future as we work through these proposals.

Thank you.

Chairman McKEON. Thank you very much.

[The prepared statement of Secretary Smith follows:]

Testimony of Under Secretary of Education
Marshall S. Smith
before the House Sub-Committee
on Postsecondary Education, Training, and Lifelong Learning
February 7, 1995

Mr. Chairman, Congressman Williams, distinguished Committee Members and guests, I am pleased to appear before you today to discuss the President's plan to empower all Americans to improve their earnings through better skills, better information, and better jobs.

In today's economy, what you earn depends on what you have learned. Increasingly, knowledge and skills are what differentiates the "haves" from the "have-nots" in our society.

- Persons at a low level of literacy are 10 times more likely to be in poverty than persons with high literacy levels (National Adult Literacy Survey, 1993).

- Average annual earnings in 1992 for those with a bachelor's degree were *74 percent higher* than those of people with only a high school diploma, and *two and a half times* (155 percent greater than) the earnings of those who had not graduated from high school (Census Bureau, November 1994).

- In just one decade (the 80's), the gap between what a male college graduate earned and what his high-school graduate counterpart received increased by more than 50 percent (Secretary of Labor's Speech, August 31, 1995).

Four-year college degrees are not the only way to get ahead, however. The 1994 National Assessment of Vocational Education shows that people who complete sequenced programs of vocational education and training and then find work in the field in which they are trained earn more and are more likely to be employed than those who don't.

Increasingly, high-paying jobs require high skills and a capacity to learn. Companies that hire skilled, flexible individuals can be much more successful at developing new products and securing new markets. In this environment, the need to learn does not end at age 16 or 21. Today's workers require what Peter Drucker calls "a habit of continuous learning."

To address this fact of modern economic life, the President and the Congress, with broad bipartisan support, worked together over the past two years to put in place most of the key elements of a **Lifelong Learning Agenda** that will help Americans to prosper in the new economy: a strengthened Head Start program, the Goals 2000: Educate America Act, the Improving America's Schools Act, the School-to-Work Opportunities Act, national service, and student loan reforms.

The missing pieces of this agenda are a strategy to help adult workers get and keep good jobs, and a strategy to make sure all of today's youth--the workers of the future--are prepared for tomorrow's careers.

We know that the existing patchwork of federal training programs isn't doing the job. We have learned that, to be successful, we need to work in partnership with states, local communities, and businesses, close to where employment and training decisions are made. **The G.I. Bill for America's Workers--point four of the President's Middle Class Bill of Rights--lays out strategies to upgrade the skills of today's workers and prepare the workers of tomorrow for high-wage jobs.**

This initiative will streamline and consolidate about 70 existing training programs covering by far the bulk of federal funding for employment and training assistance. **But consolidation isn't our primary goal. Our real goal has been to design a better way to meet the training needs of the American people.** We looked at research evidence on what works--and what doesn't. We added analysis of thirty years of experience and a healthy measure of skepticism and common sense. During the initiative's design phase, we sought the answer to one simple question:

> **What is the best way to help Americans help themselves to meet the skill requirements and get the good jobs in the new economy?**

This morning, I want to discuss how our strategy would answer that question. I would like briefly to identify the problems with existing federal education and training programs and the principles that underlie the President's plan to improve federal efforts. Then, I will concentrate on providing the details of our proposal, focusing on our proposed reforms that most affect secondary and postsecondary education.

PROBLEMS AND PRINCIPLES

The problem addressed by our strategy may be phrased simply: Good skills are needed to get good jobs, but a large number of American workers don't have these skills. Existing federal programs can't solve the problem, because:

- **Many programs don't give consumers choice**--in most training programs, governments, not their customers, make many choices about jobs and training, by funding institutions or providing services directly, as if consumers were not capable of making decisions for themselves.

- **There is a severe lack of good information** about jobs, required skills, and the quality of training institutions and other services. For example, even though today's Pell-grant and student-loan recipients do have a choice of education and training providers, they do not have easy access to good information on the quality of the program or its graduates' success in the labor market. Without this information, many individuals choose occupational areas or specific training programs that turn out not to help them get a job or only allow them to get dead-end jobs.

- **Accountability for high performance is sorely lacking.** Today, in many federally funded education and training programs, institutions can continue to get Federal funds regardless of performance. They have little incentive to continually upgrade the quality of their offerings or to find out whether their trainees got jobs, increased their earnings, or went on to further education.

- **Many current government programs are fragmented and rigid,** with conflicting rules and structures and layers of bureaucracy, and with no vision of how the parts fit together. In addition, the federal government is too far away from local labor markets and training providers to know what's needed in each community.

- **There is no coherent system for preparing most youth** for careers and further education.

What Principles Underlie Our Strategy?

Clearly, the existing "system" (in quotes) needs more than tinkering. It needs a thorough overhaul. Our proposal for a better system follows these principles:

- **Expand opportunity and choice;** empower individuals with grants to pay for the education and training they decide they need, at any eligible institution they choose.

- **Streamline programs and increase state and private sector involvement;** allow states and local communities to tailor services and information to local needs.

- **Provide better information** on job availability, skill requirements, and the success of training institutions, so that individuals can make sound choices.

- **Improve program quality and accountability;** make sure that program results are what counts in determining whether institutions are eligible to enroll students receiving federal funds.

- **Ensure that young people are well-prepared for careers and further learning** by coordinating academic and workplace learning through the school-to-work approach.

COMPONENTS OF THE PROPOSAL

We propose two distinct, but consistent and linked strategies: one for adult workers; one for youth.

For adults, the proposal:

- promotes individual choice through **individual Skill Grants,** administered by states, for displaced and low-income workers;

- gives individuals the information they need to make good choices through a system of **one-stop career centers** designed by states free of federal administrative dictates;

- provides individuals protection from disreputable or ineffective providers through **strong accountability mechanisms** and consumer reports on provider performance; and

- makes sure individuals have the basic skills needed to succeed in training and job-search through a **streamlined adult education and literacy system**.

For **youth**, the proposal:

- helps states to build coherent systems to prepare youth for careers and further learning, using the **school-to-work** approach to help address the needs of both **in-school youth** and **out-of-school youth**.

Now, I would like to offer some details on the building blocks of the system.

DETAILS

First, for **adults** the proposal provides:

1. Individual Skill Grants for dislocated and low-income workers and job-seekers.

Adult workers who have lost their jobs through no fault of their own, as well as low-income adults, will be eligible for Skill Grants of up to $2620 per year (for up to two years) to obtain technical and other training at levels below the Associate's degree that will help them join the mainstream. For the disadvantaged, eligibility rules in the first years would be the same as for Pell Grants. Beyond that, states could have flexibility to design the system that best meets local needs. For dislocated workers, there would be no means test. We estimate that about 1.8 million low-wage workers and nearly 300,000 dislocated workers will receive Skill Grants.

To fund the Skill Grants, we plan to combine the roughly 30 percent of Pell grant funds that is now spent on non-degree education and training with JTPA Titles II and III and other federal training funds for adults. This portion of Pell funds supports education and training that is more vocationally oriented and generally shorter-term than that leading to a college degree.

The $2620 available for a Skill Grant will be the same amount available to eligible individuals seeking degree-level education and training, as we are proposing to raise the Pell grant maximum from its current level of $2340 to $2620. We expect some 2.8 million individuals to receive Pell grants for education in degree programs.

Further, all individuals in eligible postsecondary programs will also be eligible for student loans, with flexible repayment options including income-contingent or "pay as you can" repayment schedules. Adults will be able to use student loans to supplement grants as an affordable way to help finance training. We currently estimate that about 7 million individuals will take advantage of student loans.

We include a portion of Pell Grants and student loans in the initiative because, contrary to conventional wisdom, these are by far the largest sources of financing for non-degree, vocationally oriented learning. **Our proposal thus rationalizes and streamlines federal funding and support for postsecondary vocationally oriented education and training.**

The Department of Labor would administer the Skill Grants (the Department of Education would continue to administer the student loan program). From the perspective of the person accessing funds for training, there will be a single funding source, simplifying access to financial assistance. Moreover, **program administration will be simplified at the federal level because both departments will support a common approach and the money for Skill Grants will be provided directly to states,** which will organize workforce development strategies that meet their needs. States are far better able to respond to local economic conditions than is the federal government in Washington. If they wish, states will have access to waivers to obtain even greater flexibility to design education and training systems that work for them.

2. One-Stop Career Centers

The proposal supports the development of One-Stop Career Centers in every state and access to good information at every training institution and other community sites. **It builds on the progress many states already have made,** either through Department of Labor grants or with their own funds. In fact, each state will design its own One-Stop system; some may differ considerably from others.

One-Stop Centers will be effective sources of information about jobs, skill requirements of jobs, available training and related services, and the quality of training at specific institutions. The key to effective One-Stops is provision of timely, accurate information on the local labor market, skill needs, training opportunities, and national trends. Our proposal spurs development of such information systems. In addition to the One-Stops, there will be other "common access" points to information, including qualified schools and training providers.

Through the One-Stops, individuals will also gain access to a range of programs and services, such as family literacy and adult basic education; information and guidance on welfare-to-work opportunities, national service, and financial assistance for education and training; and job-search advice and help.

3. Strong Accountability for Performance

Information is also one of the keys to a successful quality assurance system. The Departments of Education and Labor will develop a common data system to facilitate the sharing of information on the performance of training providers in getting better outcomes for students, and the status of institutions participating in the Skill Grant and Title IV student aid programs. This system will allow the two Federal agencies and the States to take timely action when problems are identified. "Consumer reports" on training providers will also be made available to users of the One-Stops.

Under the new proposal, there will be a greater focus on student outcomes. Once the common data system is fully developed, we will connect it to the certification of providers. Only those training providers that can show satisfactory outcomes will be certified to enroll students receiving federal funds.

Beyond the training-provider information system, the two departments will **build on the gatekeeping system that we have already put in place** in the student aid programs to review the performance of postsecondary institutions and weed out those that are performing poorly. The proposal builds on the existing "triad" approach, which was strengthened in the 1992 amendments to the Higher Education Act, and assigns various eligibility-determination and program-review functions among the federal government, states, and accrediting agencies.

I emphasize that this is a framework, and that we are now working with the higher education community and others, and look forward to working closely with you, on the details. We recognize that our proposed arrangement, which differentiates between Associate and higher degrees and generally shorter-term, more occupationally oriented training, may make the world a bit more complicated for two-year colleges, since they provide both types of programs and awards. We are exploring other ways to configure this system to ensure accountability while minimizing any additional burden.

At the federal level, we propose that the **Department of Education** continue to be solely responsible for gatekeeping for **four-year colleges and universities and those 2-year colleges that grant mainly degrees** (for example, A.A. and A.S.). **The Departments of Education and Labor would share responsibility for implementing a stronger state role in quality assurance and oversight for other postsecondary institutions**--those that predominantly grant certificates for short-term or other less-than Associate's degree-level training.

4. A Streamlined Adult Education and Family Literacy System

Solid basic skills are the prerequisite to all more advanced or job-specific learning. Without these basic skills, most adults cannot be productive workers, effective parents, or involved citizens. Yet research shows that there is a literacy crisis in America. The 1993 National Adult Literacy Survey, for example, showed that more

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than 20 percent of adults sampled performed at the very lowest level of basic skills--roughly at or below a 5th grade level in reading and math. This is far below the level needed for effective participation in job training or high-wage occupations. Not only does this crisis affect adults, but obviously, it affects the educational and life prospects of their children, since parents' educational level is a strong predictor of children's academic success.

Our strategy is to focus and strengthen federal adult education efforts by streamlining a dozen existing adult education and literacy programs into a single state grant to support a range of services, which states could tailor to meet their adult learners' needs. These services may include family and parental literacy, basic skills education, high-school equivalency instruction, and English classes for adults who speak other languages. We expect some 3 to 4 million adults annually to receive adult and family literacy services under the Adult Education and Family Literacy grant.

We plan to work with states and communities to align adult education programs with state-identified employment and literacy objectives, and to raise state-developed content standards for adult education. We also plan to improve the transition from adult education to job training programs and employment by linking One-Stop Career Centers and adult education activities. Furthermore, our proposal will improve client choice by facilitating the dissemination of information about the availability, services, and learner outcomes of adult education and literacy programs.

For youth, we propose:

5. Advancing School-to-Work Systems in All States

Research shows clearly that students who complete high-quality vocational education programs and then find work in the field in which they are trained earn more and are more likely to be employed than those who don't. Key features of successful programs are:

- integration of academic and vocational learning;
- a clear and coherent sequence of courses;
- links between secondary and postsecondary learning; and
- blending of school-based and work-based learning, with employers providing meaningful work experience related to what is learned in the classroom.

These findings on "what works" underlie the 1994 School-to-Work Opportunities Act, which helps all states to develop comprehensive systems of learning and training that prepare all youth for high-skill, high-wage careers and postsecondary education. In the youth component of the new initiative, we propose to streamline and reform the more than 30 existing Perkins and JTPA youth programs and link them with state and local school-to-work systems.

The proposal has two key components, one to address the needs of **in-school youth and one for out-of-school youth.** Both groups will benefit from participating in the high-quality school-to-work systems that states are developing, with instruction benchmarked to high academic and occupational skill standards set by the state for all students. **For both components, we will ask states to focus their information reporting on student performance outcomes such as high academic achievement, high school graduation, receipt of a skill certificate benchmarked to the national standards, postsecondary attendance, attainment of a postsecondary degree, and job placement.**

For **in-school youth, our proposal would make Perkins Vocational Education funding support school-to-work systems being developed under the one-time, five-year school-to-work implementation grants.** Although Perkins funding provides only about 10 percent of the total spent on vocational education today, its impact is key. Recent evidence shows that Perkins funds have a strong influence on how state and local funds are spent. Our approach is intended to make school-to-work programs available to far greater numbers of young people than could otherwise participate, as states phase in their school-to-work systems.

Under our proposal, federal funds will continue to target low-income communities and schools with high concentrations of special-population students, increasing opportunities for all young people to participate in quality school-to-work programs. In addition, states will gain substantial flexibility to integrate vocational education reform with the broad school reforms that they and local districts are carrying out in other areas.

For **out-of-school youth, a consolidated grant to states and localities to support "second chance" systems, primarily for school dropouts and other youth at risk of dropping out. This grant will marshal existing JTPA and other resources in support of that same school-to-work approach.** We propose to reform eight separate youth programs (six now under JTPA, including Youth Fair Chance; Youthbuild; and Youth Innovations) into "second-chance" school-to-work systems in every state. This "second-chance" system, like the in-school component, will need to reflect the principles of successful school-to-work programs noted previously. As with the in-school component, states will have substantial flexibility to design the specifics of their systems, and to integrate vocational and academic reforms.

We look to states and local communities to develop a variety of ways to deliver education and training to out-of-school youth. We also wish to ensure that states, localities, and the private sector can build "bridges" between the reformed in-school and out-of-school youth systems, and bridges to the adult system. At a minimum, we expect that students would be able to move between the systems, and that learning standards would be consistent. Also, both in-school and out-of-school youth would have access to the information provided by the One-Stop Career Centers as these become available, increasing their ability to choose pathways to good jobs and further learning.

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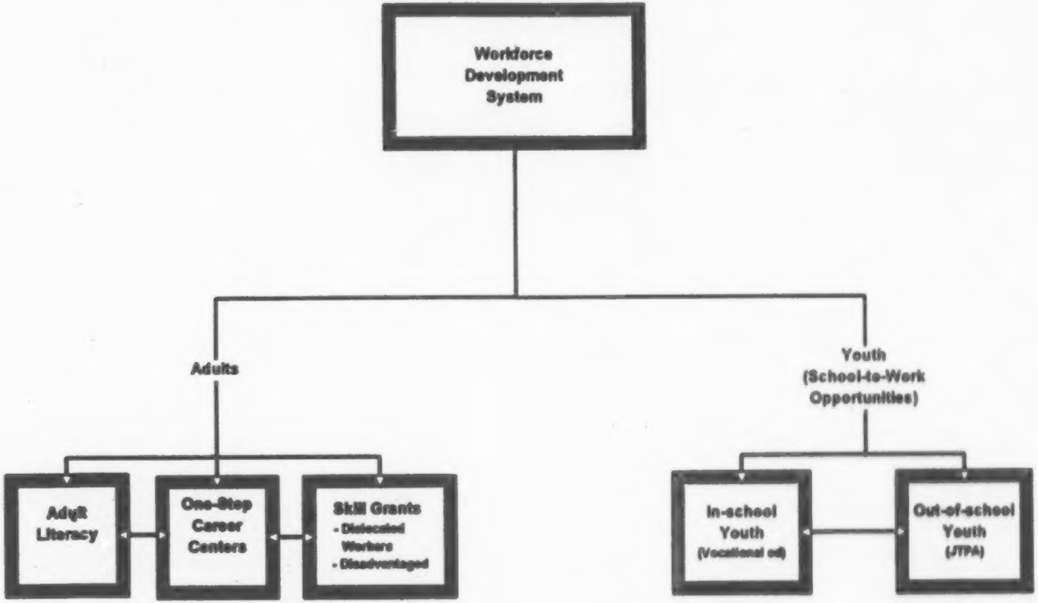
CONCLUSION

There may be no more important area of public policy today than that of workforce development. The nation's economic security depends on today's and tomorrow's workers having solid skills and positive attitudes toward learning. This is a policy area that calls for a national vision, but to succeed, policy implementation must be carried out by a partnership of federal, state, local, and private-sector efforts. We believe that the strategy embodied in the President's proposal embodies just such a partnership. It is distilled from a mixture of solid research evidence, an analysis of the lessons of years of experience with federal training programs, and plain common sense.

Thank you for the opportunity to address you this morning. My colleagues and I would be glad to work with you in any way we can as you move to restructure education and training to equip all Americans with the knowledge, skills, information, and jobs they need to prosper in the years ahead.

I would be happy to respond to your questions.

GI Bill for America's Workers


Workforce Development System
Adults
Youth (School-to-Work Opportunities)
Adult Literacy
One-Stop Career Centers
Skill Grants
- Dislocated Workers
- Disadvantaged
In-school Youth
(Vocational ed)
Out-of-school Youth
(JTPA)

(Skill grants are a combination of JTPA and Pell grants)

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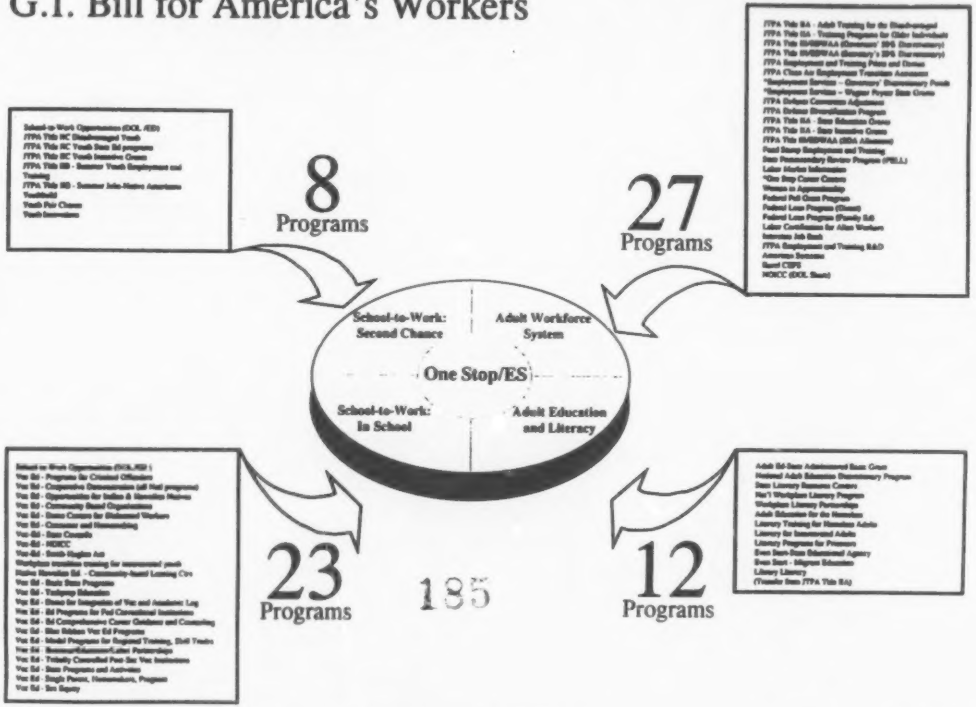
G.I. Bill for America's Workers



School-to-Work Opportunities (DOL /ED)
JTPA Title IIC Disadvantaged Youth
JTPA Title IIC Youth State Ed programs
JTPA Title IIC Youth Incentive Grants
JTPA Title IIB - Summer Youth Employment and Training
JTPA Title IIB - Summer [illegible] Native Americans Youth[illegible]
Youth Fair Chance
Youth [illegible]

8 Programs

JTPA Title IIA - Adult Training for the Disadvantaged
JTPA Title IIA - Training Programs for Older Individuals
JTPA Title III/EDWAA (Governors' 10% Discretionary)
JTPA Title III/EDWAA (Secretary's 20% Discretionary)
JTPA Employment and Training Pilots and Demos
JTPA Clean Air Employment Transition Assistance
*Employment Services -- Governors' Discretionary Funds
*Employment Services -- Wagner Peyser State Grants
JTPA Defense Conversion Adjustment
JTPA Defense Diversification Program
JTPA Title IIA - State Education Grants
JTPA Title IIA - State Incentive Grants
JTPA Title III/EDWAA (SDA Allotment)
Food Stamp Employment and Training
State Postsecondary Review Program [illegible]
Labor Market Information
*One Stop Career Centers
Women in Apprenticeship
Federal Pell Grant Program
Federal Loan Program (Direct)
Federal Loan Program (Family Ed)
Labor Certification for Alien Workers
Interstate Job Bank
JTPA Employment and Training R&D
American Samoans
Rural CEPS
NOICC (DOL Share)

27 Programs

School-to-Work: Second Chance
Adult Workforce System
One Stop/ES
School-to-Work: In School
Adult Education and Literacy

School-to-Work Opportunities (DOL/ED)
Voc Ed - Programs for Criminal Offenders
Voc Ed - Cooperative Demonstration (all Natl programs)
Voc Ed - Opportunities for Indian & Hawaiian Natives
Voc Ed - Community Based Organizations
Voc Ed - Demo Centers for Dislocated Workers
Voc Ed - Consumer and Homemaking
Voc Ed - State Councils
Voc Ed - NOICC
Voc Ed - Smith-Hughes Act
Workplace transition training for incarcerated youth
Native Hawaiian Ed - Community-based Learning Ctrs
Voc Ed - Basic State Programs
Voc Ed - Techprep Education
Voc Ed - Demo for Integration of Voc and Academic Lrg
Voc Ed - Ed Programs for Fed Correctional Institutions
Voc Ed - Ed Comprehensive Career Guidance and Counseling
Voc Ed - Blue Ribbon Voc Ed Programs
Voc Ed - Model Programs for Regional Training, Skill Trades
Voc Ed - Business/Education/Labor Partnerships
Voc Ed - Tribally Controlled Post-Sec Voc Institutions
Voc Ed - State Programs and Activities
Voc Ed - Single Parent, Homemakers, Program
Voc Ed - Sex Equity

23 Programs

Adult Ed-State Administered Basic Grant
National Adult Education Discretionary Program
State Literacy Resource Centers
Nat'l Workplace Literacy Program
Workplace Literacy Partnerships
Adult Education for the Homeless
Literacy Training for Homeless Adults
Literacy for Incarcerated Adults
Literacy Programs for Prisoners
Even Start-State Educational Agency
Even Start - Migrant Education
Library Literacy
(Transfer from JTPA Title IIA)

12 Programs

* ES will be retained as a separately authorized and funded program; it will be an integral part of the One Stop Career Center System.
[illegible] grants will be available only through 1999 and School-to-Work grants will be available only through the year 2000

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Chairman McKEON. Mr. Calderone?

STATEMENT OF HON. PETER CALDERONE, COMMISSIONER OF LABOR, STATE OF NEW JERSEY

Mr. CALDERONE. Good morning, Mr. Chairman, Congressman Williams, Members of the subcommittee, Members of the panel. We have prepared written testimony for the record. If I may just highlight certain aspects of that testimony.

First, it's a pleasure to participate in this panel on behalf of the workers and employers of New Jersey. And New Jersey's experience since 1988 I think exemplifies the need to lessen Federal control, Federal regulations and allow the States to expand their own programs under their own system and their own needs.

In 1988 New Jersey had an unemployment rate of 3.5 percent after several years of economic expansion. Four years later our unemployment rate was nearly 10 percent. During that period we lost 260,000 jobs, the greatest downturn in our State since the Great Depression. To deal with workforce development issues during that period we relied primarily on Federal programs, JTPA, Employment Services. In 1992 the New Jersey legislature realized that New Jersey needed its own approach, it's own focus, and its ability to direct its own system and at that time enacted the Workforce Development Partnership Act. And there's two aspects of that program that I think are important for this discussion and may address Congressman Williams' questions.

One provision of that law allows for individual training vouchers. About 3,000 workers a year that have been displaced from their jobs and have skills that could be enhanced, are given vouchers up to $4,000. The average voucher is about $2,900. However, it's based on informed customer choice. There is a counselor that works with that individual. The individual must be enrolled in a demand occupation skill enhancement. There must be a training plan and the vendors are paid directly by the program, and the vendors are in fact certified by both our Department of Labor and our Department of Education.

A second component of our workforce development program is customized training where we go on site to our employers and train our workers for the jobs of that particular employer, again, in demand occupations for skills that are necessary to make that employer competitive. In fact, our main focus has been the manufacturing sector where we're trying to develop world class manufacturing of quality products, a skilled workforce, greater productivity.

Since 1992 25,000 New Jersey workers have gone through customized training in over 200 companies. And, again, there's a leverage here between the private sector and the public sector. The companies, the private sector companies, have invested $50 million and the State has invested $30 million for this program, and it's been effective. You can show through these statistics and going on site with the workers the accountability of the program, the increase in productivity, increase in education or training for the workers.

New Jersey is fortunate to have a State training and employment commission that has created a unified State plan for workforce readiness in our State. And that State employment training council has been working diligently to move what has been basically a JTPA driven system at the local level into workforce investment boards where we will combine and coordinate all the Federal programs plus our State Workforce Development Partnership Act, and this is important as we move towards one-stop career centers. But again, even the centers that we have created because of the overlap of programs, the overlap of regulations are very difficult to deal with some of these issues. In fact, in implementing our State's workforce development program we had to merge its operations as best we could into the overall framework set by the Federal programs to avoid duplicative operational, administrative costs. However, we now have a patch together process with the various pieces subject to differing Federal and State regulations and controls. In particular, staffing must be cost allocated, in many cases restricted to serving particular claimants depending on the funding source and eligibility requirements.

We have seen, I believe, in congressional actions recently some bills presenting good vision and direction for reform in this system. And I note, Mr. Chairman, your H.R. 511, the Workforce Preparation Development Act, does provide for reevaluation of Federal programs, a consolidation and a review for State and local direction which I think is critical to this process. Also S. 143, Senator Kassenbaum's bill, Joint Training Consolidation Act, also provides for that kind of direction that would allow for combination and through waivers control and direction on the State level.

We support a block grant type of approach and process which would best serve the needs of each particular State. We understand that there's a need for physical audits and for Federal oversight, but we do look for one type of control and one type of oversight over the entire program and not a separate set of procedures and regulations.

To directly address what New Jersey would do with a block grant type approach, we would move our services, quite frankly, to broad categories and levels of need. We would decentralize labor market information through citizen accessible job banks, informational kiosks and public libraries which would be the first level of service making such information available to the general public.

A next category would be basic intake, job match and assessment services for those displaced individuals receiving income security benefits or others seeking employment who have marketable skills. Self-directed employment programs such as job clubs or computer-based assessment programs would be made readily available with limited agency staff support or resources.

The third level of services would be more intensive with a counseling and individual plan approach and can include remedial education activities and/or retraining activities. And here we would particularly include our voucher system that has been successful in our customized training system.

The final category would be the most intensive and would address multiple barriers to employment requiring a case management approach. This would often include an integration of various activities encountered in current welfare-to-work and vocational rehabilitation for person with disabilities activities initiatives. By allocating resources to the level of services rather than current restrictive and often stand-alone separately regulated processes, a fully integrated and systemic approach to workforce needs can be implemented.

That's our testimony today, Mr. Chairman. I'd be available for any questions.

[The prepared statement of Commissioner Calderone follows:]

Testimony of
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John Fitch Plaza, CN 110, Trenton, New Jersey 08625
(609) 292-2323

Before the United States House of
Representatives
Committee on Economic and Educational
Opportunities
Subcommittee on Postsecondary Education,
Training and Lifelong Learning

February 7, 1995

Chairman McKeon, members of the Subcommittee on Postsecondary Education, Training and Lifelong Learning:

It is a pleasure to discuss with you our ideas about how we can make reemployment and job training systems more effective, more accountable, more focused and more adaptable. In short, we are looking at how we can make a decades old conglomeration of programs meet the needs of the rapidly changing workplaces of today and tomorrow.

If we have learned anything in recent years it is the lesson that government and its programs are subject to the same realities, the same pressure and the same limitations that impact the ability of our businesses and workers to compete in the global economy. Planning must be ongoing, change will be an everyday occurrence, and higher skills, higher productivity and higher levels of education and training are all key ingredients in keeping in the economic forefront.

In New Jersey, employers tell us every day that they need to modernize their workforces, their equipment, and their ways of doing business. They tell us they need to consolidate and to streamline their operations in order to be more competitive and more productive. They tell us if they are to compete successfully in the global economy they need the kind of support that still affords them the freedom and the flexibility to respond to changing conditions and changing needs so they can make every aspect of their operation mesh as effectively as possible to be as productive as possible.

Indeed, the needs of the people running our reemployment and job training systems at the state level are no different from those of the employers and workers we seek to assist. We need to modernize and streamline the broad patchwork and sometimes crazy-quilt conglomeration of programs that has developed over decades that are not now capable of keeping pace with modern workplace needs.

The New Jersey experience with federal reemployment and job training programs provides examples of the need for a lessening of federal control and an expansion of state and local policy and decision making authority in this area. In February 1988, the New Jersey unemployment rate stood at 3.5% after several years of sustained economic growth. Four years later, the rate had soared to 9.7% during a recession that saw the loss of over 260,000 jobs. Our efforts to adjust to this downturn, the worst since the Great Depression, were stymied by a lack of a cohesive statewide workforce development strategy and a reliance on traditional federal measures such as the Job Training Partnership Act (JTPA) and the Employment Services programs.

After recognition that a more aggressive and long-term focus was needed to address New Jersey's workforce issues and world-wide economic competition, the New Jersey Legislature enacted the Workforce Development Partnership Program with the purpose and intent to create a "genuine partnership between business, labor and government to invest in the first-rate training and education for front-line workers..." Since 1993, this State Program, which is funded by a redirection of a small portion of both employer and employee unemployment insurance assessments, has created a fund for workforce development outside the constraints of the existing federal programs.

A portion of this money is utilized for individual worker assistance through personal development plans as a signed agreement between a qualified counselor and an individual, that, among other things, includes occupational goals and training requirements. Depending on resources and available options, individuals are counseled to help them determine how they can best be prepared for the jobs that are -- and will remain -- in demand in the future. Through Workforce Development, some 30,000 individuals, good workers whose jobs or skills no longer fill the needs of the modern economy, have received counseling and assistance. Over 3,000 individuals a year also receive vouchers of up to $4,000 for approved training that will prepare them for these demand occupations. The individual vouchers are averaging $2,900 per worker.

This limited voucher system offers a unique blend of flexibility and control. Workers are receiving support for their efforts to improve their skills and marketability, but they cannot use these funds to pursue far-fetched dreams or fantasy futures for themselves. Training must be provided through schools or training institutes that our Departments of Labor and Education have checked out and approved.

The funding vouchers go directly to the vendor that is providing the training. And training under this Program can only be used to prepare workers for careers that we expect will continue to demand new and better trained workers and will provide commensurately higher pay levels because of that training.

Another component of our Program provides grants to train current workers on-site and has helped several hundred New Jersey employers to become more productive, more competitive and, in some cases, to turn marginally productive companies back into lean and effective players in the global economy.

Since it was started, nearly 25,000 workers at over 200 companies have qualified for training under the Program. This investment has also leveraged millions of dollars in skills training funds from employers seeking to become more competitive by making their workers more effective, and productive through customized skills training. These companies have invested about $50 million of their own resources in developing the skills of their workers while the State of New Jersey has invested nearly $30 million in customized training grants.

The Program has strengthened the bond between the employer and workers in these companies as they strive together to become the best they can be. It has helped keep jobs in New Jersey, has helped develop new jobs in our State and it has helped some companies who considered closing their doors, to remain open and become prosperous and competitive again.

Savory Equipment in Lakewood, New Jersey is a good example of how this partnership of labor, business and government is advancing New Jersey's job growth. Before meeting with our staff and learning about the advantages of our Workforce Development Partnership Program, the Savory company was planning to close its Lakewood plant and move its New Jersey jobs out of state. Instead, after the company looked into our State Program, it did an about-face. Savory decided it was in its best interest to invest in new equipment and in training for the workers in New Jersey and to consolidate jobs from other plants including those in Canada to New Jersey. In fact, on my recent visit to Savory, I saw the global economy in action where Swedish design was being utilized by American workers producing rotisserie ovens for export to France.

The effectiveness of the Customized Training Program which is particularly geared towards the retention of manufacturing jobs can show measurable results in increased productivity and job expansion.

In implementing our State's Workforce Development Program we had to merge its operations as best we could into the overall framework set by the federal programs to avoid duplicative operational and administrative costs. However, we now have a patched together process with the various pieces subject to differing federal and state regulations and controls. In particular, staffing must be cost allocated and in many cases restricted to serving particular claimants depending on the funding source and eligibility requirements. Staff are also often tagged as Trade Act, DVOP, JTPA or Workforce Development often limiting cross-utilization and overall effectiveness.

New Jersey is fortunate to have overall policy guidance from our State Employment and Training Commission which has developed a Unified State Plan for New Jersey's Workforce Readiness System that is consumer-based and market-driven. The success of this system requires an accessible and integrated program that is adaptable and responds to the needs of employers and clients. In furtherance of these objectives, we are moving quickly to change our focus to local labor market areas as we transform primarily JTPA Program-based service delivery operations to a statewide system of Workforce Investment Boards (WIBs) to aggressively implement all employment, training and school-to-work initiatives. This will allow a coordination of federal and state policies and programs into a single labor market system in concert with New Jersey's overall economic development strategy. These Boards, to be in operation this year, will be local partnerships of private and public sector participants with local workforce plans under the overall guidance of our Unified State Plan. The success of this process requires the ability to implement the federal and state workforce programs in a meaningful and systematic manner. A logical integration and consolidation of federal programs under a flexible mechanism adaptable to state and local needs would be a dynamic enhancement of this process.

Such an integration of programs would also be the best means to ensure fully successful One-Stop Career Centers. This kind of delivery system would offer workers and employers easy access and a direct route to the total array of available employment, education, and training information and services.

These would include those programs that presently serve dislocated workers or disadvantaged individuals and provide training and employment opportunities, school-to-work initiatives, senior community service and unemployment or temporary disability insurance. Such a consolidation would help remove current institutional barriers and attitudes that hinder full service delivery. Programs and even civil service job titles could be made more flexible allowing greater customer assistance and management planning.

Through such one-stop centers we would also include assistance to a wide range of workers with special needs and provide access to information from other New Jersey government agencies and departments, educational institutions and community-based service providers that can help New Jersey residents. Our goal is to make Career Centers more than geographic locations. We want them to provide access electronically to information and programs through community colleges, libraries, and other locations while people go about their business. These technological capabilities are now available to better serve our citizens.

The development of School-to-Work activities is of particular concern to New Jersey as we implement a major federal grant in this area. Of primary importance is the maintenance of direct contact with, and direction from, the private business sector to ensure that such education and training programs develop marketable skills and credentials. School-to-Work programs must also be integrated with overall education reform initiatives to eventually be broad-based and affect large numbers of young people. Similar to European programs I visited as part of a National Governors' Association program last year, American education systems should promote and not stigmatize a vocational training choice.

Overall, we must eliminate current federal and state program restrictions to move services to broad categories or levels of need. Decentralization of labor market information through citizen accessible job banks, information kiosks and

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public libraries would be a first level of service making such information available to the general public. A next category would be basic intake, job match and assessment services for those displaced individuals receiving income security benefits or others seeking employment who have marketable skills. Self-directed employment programs such as Job Clubs or computer-based assessment programs would be made readily available with limited agency staff support. The third level of services would be more intensive with a counseling and individual plan approach and can include remedial education activities and/or retraining activities. The final category would be the most intensive and would address multiple barriers to employment requiring a case management approach. This would often include an integration of various activities encountered in current welfare-to-work and vocational rehabilitation for persons with disabilities initiatives. By allocating resources to levels of services rather than current restrictive and often stand-alone separately regulated processes, a fully integrated and systemic approach to workforce needs can be implemented.

One way we can do this is through the refinement of a state-directed block grant system from the federal government.

It is our belief that block grants can help give states the ability, the freedom, and the impetus to make these changes and develop programs that will provide effective, adaptable, timely and relevant service. In fact, New Jersey's economic situation has required adaptation in our workforce development programs that may not be feasible in most other states.

The effectiveness and flexibility of block grants comes with allowing leaders at the state level to decide how funding will best serve the needs of their state. These spending decisions by leaders who are in tune with the specific needs and initiatives of their states will be based on their knowledge of which programs can most effectively be served at the state level.

I know that farsighted and knowledgeable leaders like our own Governor, Christine Todd Whitman, are in close touch with the needs of their state economies. In fact, under Governor Whitman's leadership we have already seen a revitalization of business in our State and a strengthening of our economy with increased job growth. State leaders receive direct input from business, labor, locally elected officials and from the voters themselves. They will strive to make the funding provided through block grants serve the people of their states in the most effective and efficient way -- by focusing on the programs and initiatives that will reinvigorate businesses, workers, and the economies of their state and region.

Block grants would also allow us to merge the capabilities and the resources of all of our training programs, including JTPA, Wagner-Peyser and our Workforce Development Partnership Act, to meet the needs of New Jersey workers and businesses better, quicker and more efficiently. This would provide a more solid funding base for other worker assistance programs, including systems for identifying and helping workers who need early intervention to prevent long-term joblessness.

Based on our experience, we would also look to a voucher system for certain categories of services and focus solely on jobs in demand with funds going directly to approved training vendors.

In summary, block grants can give New Jersey and the other states the flexibility they need to make these programs serve workers and employers more effectively and responsively as long as we are not hindered by the same old requirements that now restrict programs from meshing resources, sharing costs, and preventing synergistic improvements from being accomplished through One-Stop Career Centers.

Thought has to be given to the mechanics of the funding process connected with block grant programs. How and when is money to be available and delivered to the states? Will it be kept "in trust" or will a draw down method be utilized? Will there be periodic evaluations and consistent performance standards? Will a review still be exercised by some federal agency or office? How will these steps be designed and approved? Will it be through the regulatory process which can be time consuming and cumbersome?

In addressing these questions, guidance is being provided by the National Governors' Association as the relationship between the federal government and the states is being redefined. Logical groupings and consolidation of federal programs in many areas is gaining momentum and support. The block grant mechanism for reemployment and job training should be consistent with these overall governmental realignments. Additionally, any audit or evaluation process by the federal government of a state's operation of consolidated activities must have one set of review criteria to take the place of the current program-by-program process.

In conclusion, we in New Jersey are ready to accelerate our Unified State Plan for New Jersey's Workforce Readiness System through a meaningful consolidation of federal and state activities and programs based on our particular needs and resources. We also recognize that a degree of federal direction, guidance and oversight is expected in any block grant proposal. However, we all know the adverse impact of excessive federal control and rigid rules and regulations.

I thank you for this opportunity to present our views on these vital issues to America's workers and businesses.

Chairman McKEON. Mrs. Anderson?

STATEMENT OF PAM ANDERSON, PRESIDENT, U.S. CONFERENCE OF MAYORS EMPLOYMENT AND TRAINING COUNCIL

Ms. ANDERSON. Chairman McKeon and Members of this subcommittee, I appreciate the opportunity to be here and to provide testimony. I am the President of the Employment and Training Council of the U.S. Conference of Mayors and also the Executive Director of the Louisville Jefferson County Kentucky Private Industry Council.

I want to make some recommendations regarding legislation that's being contemplated and prepared as far as workforce development system, but I also want to share with you what we have been doing in Louisville and Jefferson County in recent years that I think fits very well with what I've heard today and with what I believe you're interests are.

Going back to 1988, which is now about seven years ago, and due to the vision of our Mayor Jerry Abramson, our chief elected county official David Armstrong, our private industry council and several State and local partners we began to create a one-stop career center system for our community. And the reason we did that was because we realized at that time that if we could bring education and workforce programs and resources together, our community could better prepare young people for the world of work and better serve both jobseekers, people who are already employed that needed upgrade and retraining, and also better serve our employers.

We now know that in terms of the world economy, of which we are a part, that our community has to have a workforce system that will be able to compete in a global economy, a competitive workforce.

In creating our one-stop system we started with six partners and we now have 18. So we've been able to triple a little over a six year period of time, which we're very pleased about because locally various organizations, whether they're local, public, private not for profit, educational entities, State entities see the value of coming together and doing as much as we can in a collaborative manner.

We have as part of our one-stop career center system three Job Link Centers. Job Link is sort of our trademark, if you will. And those centers are characterized by being able to provide universal service, customer choice, good customer service which we think is extremely important, an integrated approach whereby eight of the organizations that comprise our one-stop career center system have staff located at our Job Link Centers, but nobody wears a label that says I'm the employment service or I'm the private industry council, JTPA, or I'm vocational rehabilitation, or I'm the Jefferson County public schools adult education. We have tried to put this together so that the individual who is in need of training and employment and the employer identifies us as Job Link and not as a lot of programs.

Granted, because each of the programs that operate within our Job Link Center have different regulations and rules and policies that have to be followed, we have a lot to sort out in a sort of "backroom fashion," but we do not want to have the customer bogged down with that. As a matter of fact, all the staff that work in Job Link have business cards that says Job Link, and that's the identity that they go by. And one thing that I never want to hear is that anybody in terms of a customer, whether it's an employer or an individual, has to live through a lot of the acronyms. It would certainly, and when we make some recommendations later, be helpful if there were more consistent regulations, eligibility etcetera that we had to deal with. But, again, I think that really has to be part of the "backroom operation" because the customer really doesn't need to know that, isn't interested in that. And we have found ways to get around that so that they don't have to know that.

In terms of our one-stop system, our partners include the Louisville Area Chamber of Commerce and our local economic development department. Because they have very strong ties with the employer community and they are actively involved, they assist us with the important employer connections that we need.

As far as Job Link is concerned, on site we do have basic skills education, basic computer skills, career exploration, job search, those kind of activities. We do not do any specific skills training on site, but rather our occupational skills training is provided by an individual voucher system that allows the individual to select an approved skills training provider from a menu of approved providers, both public and proprietary.

We have career counselors that work with the customer on developing a financial package that will allow the customer to attend school, and often that means working with the school's financial aid office by putting that package together.

And I can't point out how important it is for individuals who are low income to have intensive kind of services available in terms of child care, transportation, financial assistance for dental care, eyeglasses, interview clothing. Without those kind of services and resources, it would be very difficult for most of those folks to be a part of any kind of extended training program.

For people who don't qualify for those particular services, we have in our community what's called a community resource network. This is an automated system that is updated continually. We can get people connected with other services that we need, and we find that very important.

Our Job Link Centers are fully automated and necessary information is available instantaneously to both job applicants and employers at all locations. We are currently in the process of connecting electronically with all the partners in our one-stop system. And, again, because there is different data that is needed by different partners, we are in the process of figuring out a way that we can collect data just once so we don't bog the individual down with the same basic information multiple times. We are making progress on that, I might add.

Overall, we're very proud of what we've done. We're in a planning process right now to make our system even better in terms of being more responsive to what customers and employers need. We have been conducting employer focus groups in recent weeks which have been very helpful in getting up to date information. And I might add in our community one of the real challenges at this point in time is a need for workers. We have many employers who are facing worker shortages and we know that there are people out there who need to be connected with these employers, so we feel that we can be the matchmaker, if you will, in this process.

I also want to highlight that as a part of our workforce preparation system we have put in place some very innovative school-to-work kinds of initiatives, including the Louisville Education and Employment Partnership that goes back to 1988. This is a collaborative effort of seven different partners. Funding for this program targets at risk youth that are in high school. It is a four year program for nightschoolers assisting with dropout prevention and school-to-work transition kinds of activities. It has been very successful in terms of the research, and we've had some extensive research projects for this particular program.

I want to point out that the funding for that program currently is provided by JTPA Youth IIB and IIC, Carl Perkins, local funding from our Metro United Way, from the city of Louisville, Jefferson County Government, the Chamber of Commerce, our Greater Louisville Economic Development Partnership and additional funding from the Jefferson County Public Schools. So, we have a fine example here of what I hear being talked about with regard to the block grants.

Also in our school system, and I think we are fortunate to have a unified school system about 95,000 students for Louisville and Jefferson County, the system has created 13 career magnet academies that are four year academies. Each one has specific subject technical areas. They are integrated with the academic. I would call it a state-of-the-art way of doing business. There is choice involved for young people. There is career information and testing that goes on at the middle school level and then young people have the opportunity to choose which of the career magnet academies they want to attend.

We also have innovative school-to-work programs in effect between the Chamber of Commerce and the Jefferson County Public Schools in terms of some creative internship programs and connections with postsecondary. For example, at Central High School, which is a career magnet school for the health industry, there is a pharmacy internship program which connects Revco Drugs with what's on going on at the career magnet academy and the University of Kentucky. We have eight students who are currently at the University of Kentucky who started in that program.

I want to point out that in our workforce preparation programs, our local community, and the leaders of that community, our chief elected officials, our Private Industry Council, our Chamber of Commerce, our educational community both secondary and postsecondary have come together to create a vision and opportunities for these things to happen. I feel that's extremely important because it's only going to work if people at the local level come together and make the effort to put the initiatives in place.

I would like to make some recommendations on behalf of the Employment Training Council of the Conference of Mayors in terms of consolidation legislation.

I would like to start by saying that we do support the consolidation of workforce development programs and program funding at the Federal, State and local levels. We believe that an efficient workforce development system depends upon a flexible delivery structure and must be inclusive of local needs and local labor market conditions.

The service delivery structure of a consolidated system should be determined at the local level with local elected officials leading a public/private partnership with business, labor, education and community organizations.

Local officials should have the flexibility to build a system of services that meets the needs of their communities, much as what I have described in terms of what's happening in Louisville, Kentucky.

We believe that the membership of the local governing board should be broad based and it should have real authority, that the chief elected officials should appoint those members and, in our opinion, certainly could also sit on that local workforce development board.

We believe very strongly that any consolidation legislation should include language mandating a substate funding formula, and include formula elements that guarantee adequate funding to meet the specific needs of localities. Both population and demographic needs should be addressed by the substate funding formula.

In terms of consolidation legislation, the governor in consultation with local elected officials should determine substate labor market/service areas. And local elected officials should have an equal voice in determining those substate labor market/service areas.

Also in terms of a training voucher system we would support a managed system of career guidance ensuring customers have adequate information to make decisions regarding training, and there should be elements built into that to protect against any kind of fraud.

Many of the people who come to our doors lack adequate basic skills and they have to have access to those basic skills either prior to or in conjunction with vouchered skills training.

And I think this has already been pointed out but I want to point it out again as a local provider, that we still lack the infrastructure we need to evaluate training entities. We do this because we send people, vouching them to various entities in our community, and we need data to evaluate one results. But we have a difficult time getting what we would call objective data from many of the institutions that we deal with. Therefore, I think that for customers to obtain the best information, we need to devise a better evaluation system.

I also think that it's important for training entities to be as responsive as possible to employers' needs, there can be time lag there, and I think that has to be addressed with regard to this system.

And, of course, it's extremely important that good career and labor market information is available. I know that those systems are being worked on, but I can't point out how critical that is to good decision making.

We believe that a consolidated workforce development system for adults and out-of-school youth must have universal performance based accountability measures that monitor the acquisition of skills and attainment of jobs and economic self-sufficiency. What happens at the State level and in turn the local level needs to have consistent accountability measures. One of the problems we currently have, as you all know, different programs have different kinds of accountability, et cetera, and it makes it difficult to really compare. I would agree with Secretary Ross that the JTPA system has mandated some specific accountability that many other systems have not, not that this couldn't be improved but certainly we do have something to build on.

The Conference of Mayors recognizes the critical relationship between welfare reform and the development of workforce skills, and we believe very strongly that the education, training and job placement programs targeted to welfare recipients must be consolidated into a larger workforce development system

I can't urge you strongly enough not to create two separate systems, which is really what we have today with separate accountability measures, etcetera. In some States it's been possible to run those systems together, and that still creates difficulties with some of the rules involved, etcetera. In many States that's not the case so you've got two systems going on. We can afford to continue running two programs.

I might add that in our particular situation about 40 percent of the people that are served through the JTPA system are welfare recipients, so we're working with those people day in and day out, but we need a consolidated workforce training system.

Also, any consolidation of workforce development legislation must adequately address the needs of the economically disadvantaged and at risk youth. As I've already talked about, intensive supportive services must be available for this population in order for them to be successful with workforce preparation programs. Child care, transportation, emergency, financial support, being able to cover costs of books, supplies, even tutoring can be essential.

I can't also point out how valuable the role of a career counselor is in this process. Last year we were privileged to have Secretary Reisch come to Louisville and visit Job Link. We had 15 people who had gone through Job Link, and who had been a part of specific skills training activities, sit down with Secretary Reich. He asked them the question "Well, what really made the difference for you? You know, why did things work by using Job Link?" What happened is everyone who was sitting in that circle said the name of a particular career counselor that they had worked with. "Well, it was because of Nick," "it was because of Marcella," "it was because of David. They were there. They weren't just there to provide me with information, but they were there along the way when things got rough to help me figure out how to manage and how to handle that so I could get through the semester, through this course into a good job."

I also want to mention that local elected officials can bring together many services necessary for customers of a comprehensive workforce development system. I think it's important that we encourage local elected officials to do this. I'm talking about health care, housing, education, community and economic development, environment, aging programs, et cetera. We need to call on those personal resources to insure a successful local workforce development system.

So in closing I'd like to say that we do support the consolidation of workforce development programs and we look forward to working with you in the development of legislation. This will enable our communities to develop coordinated systems that best address the needs of our local citizens and our employers. Thank you.

[The prepared statement of Ms. Anderson follows:]

PAMELA ANDERSON
EXECUTIVE DIRECTOR
PRIVATE INDUSTRY COUNCIL OF LOUISVILLE AND JEFFERSON COUNTY, KENTUCKY

Chairman McKeon, members of the Subcommittee, I am Pamela Anderson, Executive Director of the Private Industry Council of Louisville and Jefferson County, Kentucky and President of the U.S. Conference of Mayors' Employment and Training Council. I am pleased to have the opportunity to appear before you to discuss the establishment of a comprehensive and consolidated workforce preparation and development system for our country, our states, and our local communities. I will present recommendations for inclusion in the workforce consolidation legislation that is currently being prepared.

Before I discuss the recommendations of the U.S. Conference of Mayors' Employment and Training Council, I want describe the workforce preparation and development system we currently have in place in Louisville and Jefferson County, Kentucky.

LOUISVILLE/JEFFERSON COUNTY'S WORKFORCE PREPARATION SYSTEM

Thanks to the vision of our Mayor, Jerry Abramson, and County Judge/Executive, David Armstrong, and the cooperation of several state and local partners, we have already created a One-Stop Career Center System and a School-To-Work System for our community. The collaborative efforts that have led us to where we are today were begun in 1988, with the idea that by bringing education and workforce programs and resources together, our community could better prepare young people for the world of work and better serve both job seekers and employers. We now know that if we are to be successful in a world economy our community must have a workforce system in place that develops a globally competitive workforce.

Louisville and Jefferson County, Kentucky have created a One-Stop Career Center System which provides both job applicants and employers with a full range of employment and training resources available through the eighteen partner organizations that comprise the one-stop system: the Private Industry Council of Louisville and Jefferson County, Kentucky Cabinet of Human Resources Department for Employment Services, Jefferson County Public Schools, Kentucky Workforce Development Cabinet Department of Vocational Rehabilitation, Kentucky Workforce Development Cabinet Department for the Blind, Community Coordinated Child Care, Jefferson County Government/Department for Human Services, the City of Louisville, the Kentucky Workforce Development Cabinet Department of Technical Education-Jefferson State Campus, the Kentucky Cabinet of Human Resources Department of Social Insurance, Kentucky Cabinet of Human Resources Department for Social Services, Jefferson Community College, the Louisville Urban League, the Louisville and Jefferson County Office of Economic Development, the Louisville Area Chamber of Commerce's Kentuckiana Education and Workforce Institute, University of Louisville, American Association for Retired Persons, and the Louisville Central Labor Council.

Our one-stop career center system is committed to providing the highest quality of service to maximize the potential of every resident who seeks services and to assist employers in building a quality workforce for the City of Louisville and Jefferson County. It connects area employers with a ready pool of qualified workers and provides job seekers access to services need to obtain employment: skills assessment, interest and aptitude testing, career counseling, labor market information, job search workshops, available jobs listings, vouchers for specific skills, vocational training, job placement, basic skills training, transportation assistance, child care assistance and referral to other resources.

Our one-stop career center system includes three geographically distributed one-stop career centers called Job Links.

- The Job Link Centers receive approximately 5,000 contacts per year from both job seekers and employers.
- Several of the one-stop career center systems partners have staff located at the three Job Link Centers.
- Many employers seek referrals from Job Link to fill job openings. Employer services include applicant recruitment and screening, assistance in conducting job task analysis and preparing job description.
- Job Link staff assist employers with referrals to the Louisville and Jefferson County Office for Economic Development, the Wage and Hour Commission, and the Enterprise Zone Tax Credit Program.
- Classes are offered on-site at Job Link in basic computer-skills, reading and math upgrade, GED preparation, career exploration and job search.
- Occupational skills training is provided via an individual voucher system that allows individuals to select an approved skills training provider from a menu of approved providers (both public and proprietary).
- Basic skills and occupational skills trainees who qualify for certain programs are provided child care services, transportation, mental and physical health-related services, and financial help for dental care, eyeglasses and interview clothing, as well as direct training expenses such as tools, books, testing fees, etc. (Individuals who do not qualify for such assistance are provided with information as to where such services can be obtained).
- Job Link is fully automated. Necessary information is instantaneously available to job applicants and employers at all three locations. Automated connections with partners not located at the Job Link Centers have been made with some partners and are in the process of being made with all partners. (It continues to be necessary to collect different information for each partners' reporting system. Our goal is to create an automated system where necessary information can be collected and shared among partner agencies without collecting the same information from each individual several times.)

Louisville and Jefferson County, Kentucky have been leaders in the creation of a school-to-work system.

- The Louisville Education and Employment Partnership is an award-winning collaborative effort of seven partners that was begun in 1988 to prevent at-risk youth from dropping out of high school and to enable those youth to graduate from high school and make a successful transition to post-secondary education, employment or the military. Approximately 1,000 economically disadvantaged and educationally at-risk youth are served on an annual basis. Funding is provided by the Private Industry Council via JTPA Titles IIC and IIB, the Carl Perkins Act, Metro United Way, City of Louisville and Jefferson County Government's general funds, Louisville Area Chamber of Commerce, Greater Louisville Economic Development Partnership and Jefferson County Public Schools.

- The Jefferson County Public Schools has undertaken a systematic approach to restructuring career technical education from the elementary through the high school level. The Jefferson County Public Schools has created thirteen four-year Career Magnet Academies at the secondary level. Each academy is a part of a comprehensive high school. Each academy has one or more career focuses that reflect a major career cluster or business in the area. The integration of academic and technical curricula linkages with post-secondary education are emphasized in the academics. An industry advisory group assists each academy, and linkages with businesses are greatly encouraged. Students are encouraged to develop career passports or portfolios.

  At the middle school level, formalized comprehensive career assessment and career exploration are provided. The assessment includes career interests, learning styles, aptitudes, and other indicators. Middle school students also participate in hands-on career exploration opportunities. These opportunities are provided through Technology Education Laboratories, consisting of individual topic learning modules that are self-directed study materials including computers, videotapes, textbooks, working models and hands-on activities.

  At the elementary school level, emphases are building on the concept of students as knowledge-workers, helping students acquire good work habits, identifying students' dominant "Intelligences" (based on Howard Garner's *Frames of Mind: Theory of Multiple Intelligences*) and providing career awareness.

- The Louisville area Chamber of Commerce's Kentuckiana Education and Workforce Institute, in conjunction with the Jefferson County Public Schools, Mayor Abramson and County Judge/Executive Armstrong, launched the Greater Louisville Youth School-to-Work Initiative in August, 1993. The Initiative is a youth apprenticeship/internship program for young people ages 13-21, that combines classroom instruction with workplace learning. It bridges middle school, high school and post-secondary education, and results in the achievement of specific academic and workplace skills. Examples of business and education partners include:

> Entrepreneurial Program between Kentucky Fried Chicken and Central High School's Career Magnet Academy -- Students in the program actually operate a Kentucky Fried Chicken outlet on the school's campus.
>
> Pharmacy Internship Program between Revco Drugs, Central High School's Health Careers Career Magnet Academy and the University of Kentucky.
>
> Tool and Die Apprenticeship between Southern High School's Career Magnet Academy, Specialty Tool & Machine Company, and Howell Brothers Machine and Tool Company.

RECOMMENDATIONS FOR WORKFORCE CONSOLIDATION LEGISLATION

As President of the U.S. Conference of Mayors' Employment and Training Council, I would recommend the following guiding principles for the establishment of a comprehensive and consolidated workforce preparation and development system:

1. The U.S. Conference of Mayors' Employment and Training Council supports the consolidation of workforce development programs and program funding at the federal, state and local levels.

2. An efficient workforce development system depends upon a flexible delivery structure and must be inclusive of local needs and local labor market conditions.

3. The service delivery structure of any consolidated workforce development system should be determined at the local level with the local elected officials leading a public/private partnership with business, labor, education, and community organizations.

   Local officials should have the flexibility to build a system of services that meets the needs of their communities. The chief local elected official(s), in consultation with a local labor market board, should appoint the local administrative entity, which would be the grant recipient for the system and responsible for system oversight, operations and funding. This would help considerably to assure that the local administrative entity is responsive to local needs.

   The membership of the local governing board should be broad-based and it should have real authority. We have eliminated many turf issues in Louisville and Jefferson County, Kentucky. By reaching out to different constituencies and including them on the workforce board or on its task forces. In addition, it is important to ensure that board members act as decision-makers and not "official rubber stamps." Board members need to see that their work and decisions have an effect on the delivery of services and that they, along with local elected officials, are really in charge.

4. Consolidation legislation must include language mandating a sub-state funding formula and should include formula elements that guarantee adequate funding to meet the specific needs of localities. Both population and demographic needs should be addressed by the sub-state funding formula.

   Consolidation legislation should mandate that the governor in consultation with local elected officials determines substate labor market/service areas. Local elected officials should have an equal voice in the determination of substate labor market/service areas.

5. The broad use of training vouchers should only be adopted as part of a managed system of career guidance that ensures that clients have adequate information to make decisions regarding training and protects against fraud and abuse. Individuals without adequate basic skills must have access to basic skills training either in conjunction with or before the onset of vouchered skills training. It should be noted that rural clients may have limited access to a choice of institutions that are part of a voucher system.

6. A consolidated workforce development system for adults and out-of-school youth must have universal, performance-based accountability measures that monitor the acquisition of skills and attainment of jobs and economic self-sufficiency. A consolidated workforce development system for youth, including School-To-Work programs, must have measurable standards of educational and workplace skills enhancement and attainment.

7. The U.S. Conference of Mayors' Employment and Training Council recognizes the critical relationship between welfare reform and the development of workforce skills. The education, training and job placement programs targeted to welfare recipients must be consolidated into the larger workforce development system.

8. Any consolidation of workforce development legislation must adequately address the needs of the economically disadvantaged population and at-risk youth. Intensive supportive services must be available for this population if they are going to be able to benefit from workforce preparation programs. Intensive services include such things as child care, transportation, emergency financial support, assistance with covering costs of books, supplies and tutoring.

I also want to emphasize that local elected officials can bring together many of the services necessary that customers of a comprehensive workforce development system will require. These include assistance provided by health care, general assistance, housing, law enforcement, education, community and economic development, environment and aging

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programs, to name just a few. In addition, local elected officials can bring the fiscal resources associated with these programs together and can mandate that the local administrator work with local employment and training programs to ensure the success of a local workforce development system.

We strongly support the establishment of a consolidated workforce development system and look forward to working with Congress to develop legislation for a national system that will enable communities to develop coordinated local systems that best address the needs of the local population, particularly those most in need of services.

Thank you for the opportunity to appear before you. I will try to answer any questions you might have.

Chairman McKEON. Thank you. And we'll get right to the questions now. We'll start with Mr. Williams.

Mr. WILLIAMS. Thank you. You've all been helpful.

This is my 28th year of listening to testimony developing and designing programs, and for seven years working with and managing the Nation's largest model in what back then was called Career Education. I've come to some conclusions.

Sadly, job training doesn't work very well. All the different ways we've tried it have not been particularly successful. Now education for education's sake and job training for job training's sake benefits some people and changes some lives, and there's no denying that. But we have never met the potential that we held out for job training.

I've learned something else, and that is these programs work best at the local level, next best at the Federal level and worst at the State level, in my opinion. I find the States to be unresponsive, too often uncaring and very bureaucratic. When left to their own, the States are more bureaucratic and demanding than the Federal Government. So I'm greatly concerned about the notion here that the States are precisely the repository for these block grants.

There has been one job training and apprenticeship effort in America with which I've been somewhat enamored because I think it works better than the others, and that's the apprenticeship effort that is run by organized labor. I expect it works well because there's always a job at the end. Labor always puts a job at the end.

If you go talk, as I suppose most of the people in this room have and as I've spent years doing, to the people who were trained and the people who were educated, they'd tell you the problem was not with the process of their training or education. They found it, as we all did with the sixth grade, a little less to their liking. But that wasn't the problem. The problem they say was the job. They were either dumped into a job with no benefits that paid the minimum wage and they couldn't keep their family together, therefore, they couldn't hold it or quite often there was no job.

I would like to have a nickel for every Montana native American I know who is either a heavy equipment operator or a welder and unemployed.

The essential thing in job training is placement. They've got to have the job. Secretary Reisch and I don't quite agree with this, although we agree with almost everything else.

It's somewhat unfair for me to characterize his view without him being here to make mishmash of me, but I characterize the Secretary's view as "train them and it will come." We just do the job training and the jobs will come. I don't think so. I think you've got to put those two things together and we shouldn't start the training until we know we've got the job.

Mr. Smith, like myself, asked one question on a somewhat different subject. Let's say that a family has twin girls and under your proposal for the use of Pell Grants, one daughter decides to go to the University of Maryland for a degree granting program, and the other one decides to go for a certificate. The young daughter in the degree program applies for and receives a full Pell Grant. Her twin sister who is in the certificate program applies a little late and finds out they're out of money.

Secretary **Smith**. Finds out they're out of money in the Skill Grant?

Mr. **Williams**. Yes. They're not going to run out of money for the degree granting daughter, Betty, but for Barbara her twin sister, they're going to run out of money. Why not just end those portions of JTPA and move the whole thing into a Pell Grant and run those portions of JTPA just like we run the Pell Grant system? Why not do it that way?

Secretary **Smith**. Well, I think there are probably two reasons, there are two reasons we decided to go the direction we did.

First of all, we tried to combine both the funding streams and the support streams for training programs, and for job training programs. That location exists in the Labor Department, not in the Department of Education. At the same time we wanted to keep the Department of Education primary funding for the education side of it, the degree granting side. So that's, perhaps, the main reason.

Another reason in this whole area comes back to your observation about having the job before you take the training. If that twin sister was able to receive the kind of counseling and advice that we hope will exist in most one-stop shopping places, she may have decided at that point to take a job rather than the training because there was a job open, giving her kind of an on-the-job experience. This is making her more competent, perhaps, either to go into further training or perhaps attend the same institution as her sister.

So, those two things together suggested to us that we would move the Pell Grants in that direction rather than the other direction.

Mr. **Williams**. Well, I would suggest your consideration if we're going to Pell Grant money, I'm not sure I'm enamored by that, but if we're going to use Pell Grant money for job training, for nondegree education, then we ought to just run the whole thing the way we run the Pell Grant program. Now, I know there's going to be scrambling whether Department of Labor controls it or Department of Education controls it. I wouldn't particularly worry about that, I'd worry about the fact that the twins ought to be treated identically.

Chairman **McKeon**. Mr. Gunderson

Mr. **Gunderson**. Thank you, Mr. Chairman. I told the chairman while Mr. Williams was talking, that it's the Chairman's job to make sure we all agree when we're done. And he looked at me and frowned because he's not sure that's possible.

I don't want to rain on Mr. Williams' parade, but here's one guy who thinks the apprenticeship program is the last bastion of male chauvinist plantation mentality, and we could have some very interesting discussions on that one. I agree with you, but don't design our training programs to reflect the antiquated apprenticeship program that is still living in the 1940s.

Now, that I've given you my opinion, Mr. Ross, I don't know who your speech writer is, but he is pretty darn good. I liked the Dan Quayle quote. I noticed it's not in your written testimony.

Mr. **Ross**. I found it later.

Mr. **Gunderson**. Okay. I thought that was intentional, frankly.

I'm confused. You told us that you're against block grants, but if I understand the Administration's budget proposal, in essence you have created four different block grants. You've taken the School-to-Work Second Chance, combining eight programs, you've put 27 programs into the adult workforce system, you've put 23 programs into School-to-Work and you've put 12 into adult literacy. Is that wrong or right?

Mr. ROSS. That's right. What I was attempting to respond to was a broad proposal that has at least received wide discussion of taking the money without any performance standards, any requirement of customer choice, any assurance of a local voice with a private sector involvement and simply giving it to the State bureaucracies and saying, "Since you know best, you simply take our money and figure out what this new system ought to look like."

In each of those cases, take the adult ones, yes it does go to the State but it does require that the money for the Skill Grants ultimately comes under the control of dislocated workers and disadvantaged.

Let's take the One-Stop money. It would basically say to a State if you work with locals to integrate employment service resources, and JTPA resources, much the way Wisconsin's doing, and really integrate it, that will replace all our rules. The problems that New Jersey and others talked about concerning our rules, we agree, they're absolutely right. What they are agreeing to would then supersede what we have in terms of changing definitions, common performance. So we're saying there needs to be an empowerment element which gets the resource for adults into their hands. For the infrastructure requires everybody to sit around the table and put it together, assuring a local voice, and the school work part gets it right down to the level where parents and educators and business people can actually figure out how to make it work.

We still think it ought to be consolidated and it ought to start by going through the States. But simply turning it over to another bureaucracy and saying "We don't know what to do, you figure it out" we think is not helpful.

Mr. GUNDERSON. I think you should give the Republicans in Congress a little credit for taking on the governors in this issue. I mean, we're the ones who find ourselves in the weird position of now demanding some basic bottom line requirements because the governors want us to balance, give them the money to balance their budgets. And give us credit, we're not going to—

Mr. ROSS. No, we're just trying to support you.

Mr. GUNDERSON. I would also encourage you to look at the bill that Mr. Goodling and I introduced last session which conditioned any new money over your fiscal year 1994 appropriation on this kind of consolidation at the State level. We said "You want to run your programs like you've done them forever? Fine, you don't get a dime more money. You want new money, you've got to"—so it was an incentive based approach to consolidate and take a look at that.

I'm a little confused in terms of what is separate funding and block granted. Am I correct that the vocational education programs, JTPA programs and school-to-work would remain three separate funding streams?

Secretary SMITH. Yes.

Mr. GUNDERSON. Okay. So you're really duplicating, aren't you? I mean, you've got your vocational education money going to your State like it's always gone.

Secretary SMITH. Right.

Mr. GUNDERSON. Well then how does vocational education get molded into——

Secretary SMITH. Into JTPA—go ahead.

Mr. GUNDERSON. [continuing] JTPA and school-to-work? I mean, is it up to the State to or not to consolidate them?

Secretary SMITH. No. No. School-to-work would remain the same way it presently is, that is a discretionary grant program that goes out to States that submit effective proposals. And we hope that every State will have a proposal that will give full implementation on it. But the school-to-work continues to operate as a stimulation, as a way of stimulating school—

Mr. GUNDERSON. We're running out of time. Why would you not consolidate school-to-work and vocational education?

Secretary SMITH. Because right now the effect of school-to-work is to stimulate States to really try to develop effective proposals. And we see the vocational education program moving behind that, phasing in, helping the proposals themselves and moving school-to-work programs throughout an entire State system.

Mr. GUNDERSON. A good place to break.

Thank you, Mr. Chairman.

Chairman MCKEON. Thank you.

Mr. Becerra?

Mr. BECERRA. Thank you, Mr. Chairman.

Let me ask a couple of questions, first of the Administration. I'd like to first focus on some of the comments, Mr. Smith, that you made with regard to the use of some of the funds, specifically the Pell Grant moneys.

You mentioned that after two years the States, under a block grant proposal, would be able to have flexibility on the use of those Pell Grant moneys. Does that mean, as I think you state in your written testimony, that none of the criteria for eligibility for Pell Grant would then apply for any Pell Grant dollars after the second year?

Secretary SMITH. We're still considering the allocation of funds by States combining the Pell Grants and JTPA moneys that create the Skill Grants.

The issue here is to try to think about ways of giving the States flexibility in the allocation of funds to meet State economic conditions, State conditions of having a larger percentage of folks in poverty in one year than another year, States that have a larger percentage of dislocated workers in one year than another year. And how do we begin to allow States to really respond to their particular economic conditions in a thoughtful way?

Mr. BECERRA. But, again, these are Pell Grant dollars I'm talking about.

Secretary SMITH. Right.

Mr. BECERRA. After the second year, as I understand it, there would be no constraints on the States use of Pell Grant dollars?

Secretary SMITH. No, no, no. No, no, no. No, no. It would still go both under the same kinds of conditions, under the same kinds of targeted conditions to low income individuals and to dislocated workers. I mean, those two categories of people would remain stable.

Mr. **BECERRA**. So what about a dislocated worker who was earning $50,000 a year, has a college degree and was part of a downsizing in a defense industry company; that person's dislocated, would that person with a home, two cars in the garage be eligible for moneys under your program?

Secretary **SMITH**. Yes. Yes.

Mr. **BECERRA**. Okay. Doesn't that seem to violate the spirit of Pell Grant statutes that we've had for quite some time?

Secretary **SMITH**. Well, the Skills Grants would have two different populations they'd be serving, both the low income individuals and the dislocated workers.

Mr. **BECERRA**. Specifically with regard to the instance I've just described to you with someone who is not low income, which is one of the criteria for receiving Pell Grants, doesn't that seem to violate the spirit if we're not—

Secretary **SMITH**. Well, it would violate the spirit except that the proposal is to change the conditions for the new Skill Grants, and to continue to fund low income individuals.

Mr. **BECERRA**. But it would go beyond that as well?

Secretary **SMITH**. It would go beyond that as well, that's right.

Mr. **BECERRA**. And isn't it the case that we don't have enough Pell Grant moneys as it is to go around for those who are applying for Pell Grants?

Secretary **SMITH**. No, that isn't the case right now. In fact, we're running a slight surplus this year.

Mr. **BECERRA**. Running a slight surplus? I think you'd better do a better job of outreach. I know there are a lot of folks out there in the world who'd like to get some Pell Grant money if they knew you've got room.

Secretary **SMITH**. Well, we'd be glad to try to help them do it.

As you know, the Pell Grant is a quasi-entitlement as it presently exists. And anyone who applies gets awarded a Pell Grant, depending upon the amount of money that they're eligible to receive.

I think you've put your finger on an important point. It does change the characteristics of the Pell Grant. It changes them into what we're calling a Skill Grant and that serves two different populations. One of those populations is quite different from the population typically served by the Pell Grants.

Mr. **BECERRA**. Let me move to a couple of other questions and actually focus now on the whole issue—actually I think, Mr. Ross, you raised the point about the unfunded mandate that might result from block granting. First, cutting then block granting, the current host of programs that we have to serve those who need some training.

It would literally be an unfunded mandate because there's no requirement that the States continue to provide this training, but in essence if the states did not, you would have a larger pool of people that are underskilled and then probably underclass and unable to go out there and earn a decent living.

Mr. Ross. If the Lieutenant Governor were still here, and I think both Commissioner Calderone and Ms. Anderson would tell you that in most States and localities the focus on adult learning and particularly figuring out how kids from low income families make it into the mainstream of the economy, they see their responsibilities growing, not shrinking. The degree that you reduce their resources significantly but in fact continue to place the full responsibility with them, you have the equivalent of an unfunded mandate. I wasn't implying that it would be covered under the new law, but only that it's sort of a back door unfunded mandate.

Mr. Becerra. Let me ask you one last question. In your testimony I don't recall if you addressed this in your oral testimony, but in your written testimony on page 7 you identified some of the deficiencies and problems that JTPA has faced. We need to do a better job of telling people that there's skills training out there. Any way that we can do a better job on that?

Mr. Ross. I think by beginning to say to people that in certain circumstances you have access to the resource, you control the resource. Between the loan program, which I think is very revolutionary, with the new skill vouchers it's as though you have a career line of credit. You're responsible for it, and in the case of the loan you pay it back, but it's something you possess, not another program you go to and get in line for. I think that becomes a powerful marketing tool.

Mr. Becerra. Thank you. I appreciate it, Mr. Chairman, your going over some time. And I would hope that Mr. Ross will remember the CBOs that play a very integral part in this whole process.

Chairman McKeon. Thank you.

Chairman Goodling?

Chairman Goodling. Thank you, Mr. Chairman.

First I want to say that the best run training programs in the United States are run by the private sector or run by business, Motorola is one example. In those programs, of course, you don't have to be somebody's niece, nephew, uncle, or whatever, in order to receive that training that you might have under a labor training program.

But let me just say there's good news and there's bad news. When the Secretary called me yesterday morning at 8 a.m. he said "We have a lot of things we can work together on one and one by consolidating 70 programs." I said, "Boy, now if I hold out two more weeks, we'll get you there." Because if you'll remember last year he came up with six. And I said, "That's a tragedy because you have love-ins of all the Secretaries down there every time there's a signing, so if you're loving each other so much, you ought to be able to get together and cross jurisdiction." And then there's some of us that came up with consolidation of 80. This year he came up originally with 50, now we're up to 70. The only thing I would caution you, I think you ought to list on here most ideas lifted from a Republican proposal of last year so that you don't get any suit on your hand, you know. You wouldn't want to do that. Truth in advertising, is that what that's called.

At any rate, we're coming a long way. I certainly would see no reason why you wouldn't consolidate the eight and the 23, but we can get at that later.

I do want to, however, discourage you from the GI Bill for America's Workers, the GI Bill worked beautifully for the purpose for which it was set up. It partially was a reward for those of us who got $2.00 a day and a little food and a little water and something to sleep on while in the service.

The last Administration, right before the election, came up with a GI Bill for Children. And the Secretary of Education and I went round and round and round. No connection whatsoever with the GI Bill. His GI Bill for Children, was going to be some way to handle choice as far as school is concerned. Really, just—but at any rate, can't we come up with some innovative, creative new ideas? It doesn't matter which Administration comes to town.

Now, I have some real problems with this program and some of them have already been mentioned. But set up in Pell Grants at the present time they can do exactly what you want to do. If they decide that additional training is necessary, lengthier training is necessary, it's available. So why do we set up a new bureaucracy or how many bureaucracies, I don't know, when you already have it there? We did the same thing in community service. In the work study programs, many colleges and universities were forcing their students to do community service to receive those. Why didn't we just pour the money in there instead of setting up 50 or 60 new administrative units all over the country to do something that we already could handle? And now you get a battle over Pell Grant money, which is certainly not going to work out very well.

The last concern I really have is we've worked on this committee to try to get rid of all the fly by night proprietary schools. I don't blame them for setting up their shingles. The money was there and they had the ingenuity to do it and they dragged people in and took it advantage of them. We were foolish enough to send the money out right away. The student got nothing, the taxpayer got nothing. My fear is that you could turn right around and encourage more people to put out that shingle, "And I do job training back in garage, etcetera, etcetera."

So I hope you go back and rethink that. I hope you keep refining this until we get to a total consolidation. And I do want to ask one question before my time runs out of Mr. Calderone.

Program money and the school scholarship grants would be subject to all the existing Federal Pell Grant regulations. However, I would assume from what I've read that they would be administered by the States. Will this proposal result in the creation of 50 State bureaucracies to administer Pell Grant programs? And secondly, should the decision on service delivery be left to the individual States and the communities in order to meet their individual needs?

Mr. CALDERONE. Again, one of our proposals we're hoping for is through our workforce investment boards on the local level. We will consolidate programs that are separately run by various departments in State government, whether it be department of education, department of labor, department of human services. And we will try and consolidate those kind of operations. So, we will have a uniform approach at the local level.

Chairman GOODLING. And I do want to emphasize what I've said here many times, block grants to States, the States have to understand is not revenue sharing. That is not our idea of a block grant. We set the goals and we have the assessment tools to determine whether you reach them, and you be the creative force to make sure that you're reaching them. If you don't, we'll be back to see you.

Mr. CALDERONE. And we recognize that, Congressman.

Chairman GOODLING. Thank you.

Chairman MCKEON. Thank you.

Mr. Green?

Mr. GREEN. Thank you, Mr. Chairman. I have an opening statement I'd like to ask that it be submitted for the record, and I appreciate the chance to be here. Not having as much experience on the committee in dealing with job training issues as some of my other colleagues, I guess we all express the frustration and the need for continual reform. And whether it was last year you found only six consolidations and Chairman Goodling has 80, I'm glad we're moving to 70. When we see what's happening out on the street with job training programs, my own district, in fact Secretary Ross you'll be in Houston in a couple of weeks to talk about consolidating those programs ourselves. Before I left yesterday I met with community colleges and our city of Houston component for job training, and our county and everyone else because we have to do that. So whether we can get to 70 or 80, or whatever, I know we need to continue that momentum so we'll save both the time of those people we're trying to serve, but also our tax dollars.

In the President's budget, Mr. Ross, the proposal for the Department of Labor consolidates JTPA, School-to-Work, One-Stop Centers, Career Centers and several others. In this process what is the estimate on the cost of these savings in consolidation, because I think that's what we're looking for in continuing to provide more services for less funding?

Mr. ROSS. That was a question we asked ourselves in a couple of ways. We, in fact, did a contract with the Urban Institute which had in the mid-'80s done a similar study to look at benefits of consolidation. And we said if we did some of the things we're talking about, what would you get?

Their notion was that the big benefits to attempting to do what the Chairman has been proposing and we were also suggesting is more in terms of effectiveness than significant cost savings. I think Governor Thompson of Wisconsin mentioned earlier that he thought that the kind of flexibility that you've heard is needed today for Wisconsin would, nonetheless, probably require about four years until it started to result in some real administrative savings.

The way we've approached it in the President's proposal is as though savings are realized we want the people who have the incentive to save to be able to take advantage of the savings. So as savings occur, we would hope that the States and the localities would be able to take advantage of it. So we don't see it as a big money saver in the front end, we see it as an enormous contribution to effectiveness.

Mr. GREEN. One more question, and again if there's other concerns I know we have a job training group in Houston called Houston Works, it's a consortium through the city of Houston, they use an evaluation under JTPA that evaluates how many people participate in the program, what their hourly wage is. Because, again, as our ranking member Congressman Williams said the ultimate test is if they've got a job afterwards. And I believe that the local numbers I've seen, it's almost a dollar an hour above the predicated wage. And what I was wondering if we were looking at the same under JTPA. Is this a valid or helpful evaluation? What other evaluations are we looking at other than ultimately needing a job and also what kind of wage level are we saying? Is there some other evaluation other than that we're looking at?

Mr. ROSS. In addition to how quickly you get a job, because that's what people are frequently looking for, how does the wage of that job compare to the kind of job you either lost or currently have? I think a new factor that's becoming more important and one of the things we're asking for is better access to wage records, and to be able to see what happens to you over time.

Now, you mentioned JTPA checks 13 weeks after the initial placement. That's the number that really matters. But we'd really like to see what's happening a year later or a few years later to see whether we're really changing the career course of someone. Whether these resources are really a powerful tool for taking charge of your economic life. So those are the +directions we'd like to go to do more longitudinal work and ultimately to compare what happens to people who take this training compared to those who are in a similar situation who don't. That, finally, is how you measure real impact.

Mr. GREEN. Since I have some more time, and any of the witnesses, looking at the long term we know the statistics of JTPA, you find that the percentages of finding a job, compared to your earlier job is much less, sometimes 20 percent less. But at least we have the statistics to show they are finding a job as compared to high school graduate, or even blue collar workers. And what can we do better outside of just consolidation, is to make sure we respond to tomorrow with a program that we have to pass today.

Mr. ROSS. Right. I would say very briefly the key that has been talked about here is making sure that occupational learning is linked to real demands in the job market. It's that connection that's important.

Mr. GREEN. Similar to what Chairman Goodling talked about with Motorola.

Mr. ROSS. That's right.

Mr. GREEN. They are training people because they know that job.

Mr. ROSS. That's right. Under the President's proposal on-the-job training would continue to be a key component that States and locals could pursue where the cost of training for the first six months is really split.

The second thing is if I'm going to commit my life, I want information that says if I go to this community college and take this computer aided design course, maybe I can't get an employer in advance to guarantee me a job but I want to know what percentage of those graduates are getting jobs as CAD operators, and at what wage. That allows me to do some real shopping and to make sure when I'm picking and maybe I have a good counselor, like Pam Anderson mentioned, to help me make the choice, I've got a pretty darn good chance that my investment and training is going to lead to the kind of job I'm looking for.

Mr. GREEN. Thank you, Mr. Chairman.

Thank you.

Chairman MCKEON. Mr. Riggs, who is the vice chairman of our committee.

Mr. RIGGS. Thank you, Mr. Chairman. I appreciate that recognition, and I would like to suggest since we have the two distinguished Secretaries here with us today that we lock the doors and not let anyone leave until we at least agree on some consolidation that might occur between the Department of Labor and the Department of Education. But I won't go that far, yet.

Let me ask first of all, since we had a good deal of discussion yesterday in a subcommittee hearing around the issues of performance standards and performance assessments or performance measurements, where do you think we ought to go in that direction? And particularly in your statement, Secretary Ross, you talk about on page 6 even with national standards "there are inadequate consequences for poor performance." I tend to agree with you. And you go on to say "many local areas continue to operate mediocre programs with no lose of funds or strong incentives to improve." I'd go so far as to say, and I commented about this yesterday, from my perspective as a former member of the California Job Training Coordinating Council, mediocre programs are many times awarded funds under some of the performance incentives set aside grants under the Job Training Partnership Act.

Later in your testimony, on page 13, you talk about the need for a performance driven outcomes based system. And you say "The system must be clear in the outcomes it seeks to achieve and the consequences," there's that word again, "for failing and measure whether performances are actually achieved including whether customers are satisfied with the services they received."

Can you be specific with us in terms of what the consequences for good and bad performance should be in your opinion, and also what those performance measurements should be particularly under the theory of consolidation and block granting?

Mr. ROSS. Congressman, I really think you focused on what's going to be critical about whether we end up collectively making a difference or not.

There are two ways to introduce consequence into performance. One is to say through a set of rules and regulations if you do not perform in a certain way, you will lose money or in fact you will even lose the right to run a program. The problem involves a political decision.

I used to work for a governor. It's real hard for governors to say to mayors, "I'm shutting your program down or I'm taking your money." It's hard for mayors to say to some local organization, "You're not doing well enough. We're closing you down. We're taking your money."

So, politically based accountability tends to get postponed, we come up with a better improvement plan, but we never get to a bottom line. That's why the President's proposal would focus on more of a market based system. If I give you choice, much the way Massachusetts is leading the way, I get to choose where I go for certain services. I'm required to have good consumer report type information. I've got two local providers. You're doing a terrific job, he's doing not a very good job. Increasingly, I will in my own self interest choose you and he will either be forced to change or ultimately he'll simply lose his business.

So we've come to the conclusion that unless it has this self enforcing market based dimension, the rest of it never gets much beyond rhetoric because politically we can't close each other down.

Mr. RIGGS. I think that's a very frank answer, and I appreciate it. I think candidly there are certain political realities that influence decisions and at times drive the funding allocations. So I appreciate your candor.

I wanted to ask Secretary Smith another question that I think is a very provocative one. On page 8 in your testimony you talk about asking States to focus their information reporting on student performance outcomes such as high academic achievement, high school graduation, receipt of a skill certificate benchmarked to the national standards, plus secondary attendance, attainment of a postsecondary degree, et cetera. And my question is, Secretary, don't you think the time has come in this country where we ought to have very specific performance standards for academic achievement in our primary and secondary schools? That is to say, not allow students to advance in grade unless they meet certain requirements? And let me piggyback on that and ask you another question that I'd talked about yesterday. I'm going to be looking for the vehicle to do this or I'm going to introduce free standing legislation to do this, and that is to allow employers, those people with hiring authority within businesses, to take into account some of these very criteria that you're talking about in hiring and promotional decisions without fear of some sort of civil rights lawsuit?

Secretary SMITH. You've asked a very complicated two part question. Let me try both parts of it.

On the first part, do I believe in stringent academic standards, challenging academic standards, absolutely. Absolutely. This is the basis for a lot of the reform efforts that Secretary Riley and President Clinton have been pushing in Goal 2000 and other places.

Do I believe that there should be stringent requirements to move from grade to grade, I think those are decisions that have to be made by teachers and local people, people closest to the particular problem and the student. Students develop at different rates over time and teachers, good teachers, are very experienced at understanding the rate of growth and how that affects the students, both their academic achievement but also their belief in themselves, their sense of competency. Sometimes you can destroy the sense of competency in a child simply by holding them back, a child that may have gone on very successfully later on.

Mr. RIGGS. Let's shift our focus, because I would contend that one of the ways we've been dumbing down in American education for years is by not putting enough emphasis on student achievement and academic performance.

Secretary SMITH. I agree with that completely.

Mr. RIGGS. I think our schools need to be more of a meritocracy. But the more important issue is allowing employers to consider.

Secretary SMITH. Right. Right. And I agree with that. I think that if you had a system of standards and an assessment system that measured to those standards, that measured what students were learning in school so that if a student who worked hard, would in fact get rewarded, I believe that data should be available to employers to make judgments.

Mr. RIGGS. Thank you.

Chairman MCKEON. Mr. Sawyer?

Mr. SAWYER. Mr. Chairman I am very grateful for the opportunity to participate in this hearing in this way, not being a member of the subcommittee. If you'd like to complete the questioning of the members of the subcommittee, I'll forgo until all of them have had their opportunity. But I'd appreciate it if you'd come back to me.

Chairman MCKEON. Mr. Souder?

Mr. SOUDER. I'm sorry I missed the bulk of the testimony, so I just wanted to say that I'm very intrigued by the question of the vouchers and the accountability, and that type of thing as well. I'm looking forward to seeing that develop and work with that.

Chairman MCKEON. Thank you.

Mr. Sawyer?

Mr. SAWYER. I went for coffee.

Thank you very much, Mr. Chairman.

Just as a quick aside, we've been going up and down this side trying to figure out what the Dan Quayle quote was, and nobody could remember it. Would you repeat it for me?

Chairman MCKEON. And when did he say it?

Mr. ROSS. Reading from Mr. Quayle is such an extraordinary opportunity for a Democratic, I can't pass it up. His quote was, "Business and industry do a good job of training individuals, but unfortunately they seem to take the cream of the crop. There's a certain structural group left in our society who will not receive any training, any opportunity in advancement of skills unless the Federal Government has a comprehensive program that is geared toward and directed to those individuals. And that is precisely why the Federal Government should be involved. There's no doubt about it. There is a role for the Federal Government in employment and training."

Mr. SAWYER. Stunning.

Let me just say, Mr. Chairman, that from time to time we all reexamine the role of the Federal Government and its effectiveness and there are many good reasons for doing this. There are programs that work, some that never did work, some that worked at one point in time. But times have changed and so we all need to address this. But I think it's important to recognize that the Federal role is different sometimes. It's designed to achieve purposes of national significance that would not be undertaken in times of limited resources, energy, focus and money. So that if the purpose of Federal funding, Federal programming in general is to engender effective change, we've got to be able to evaluate it and to assure that we're not simply supplementing long established State and local undertakings, but rather doing things that would not be done but for our effort. I have long believed that that's the most important role.

I mean, that's essentially what Vice President Quayle was saying with a little more succinctness.

There are a couple of points that haven't been touched on, I don't think, by some of the previous questioning, and let me ask both of the representatives of the Administration but particularly let me refer to page six of Secretary Smith's testimony. When you talk about strong accountability I'm particularly interested in the notion of connecting that kind of accountability to the certification of providers. How do you see that being done, at what level is that being done with more or less standard Federal guidelines and then implemented on the State and local level or how do you see going about that?

My reason for that is this: I mean, currency, substantive content, the ability to keep trainers at pace with change is really the connective tissue that we need to recognize if all this is going to work.

Secretary SMITH. My answer will enlarge upon Doug Ross' comments about the notion of voting with your feet as being the guts of an accountability system. In fact, I see that there are two different components to this. One is voting with your feet, which addresses the last part of your question. If you're in a system with decent information, decent guidance so you know something about the kinds of jobs that are going to be open, then students are going to make choices based upon opportunities to get training to lead them into that jobs. And the training won't become obsolete. In fact, places will go out of business because the students won't be directed to them or won't go to them because they won't have a chance to get jobs.

Now, at the same time you may have institutions which don't do a very good job at training even though the jobs that they're training for are in the economy. And in those cases our system now, the triad system, is certainly imperfect but we are improving it over time. We're looking more at performance outcomes of the institutions themselves, taking more action. We've closed down more of the institutions which don't seem to provide the kind of training that they should over the last three years.

Chairman MCKEON. Mr. Andrews?

Mr. ANDREWS. Thank you, Mr. Chairman. I will be very brief because we have a vote.

I want to welcome Commissioner Calderone here from my State of New Jersey and commend him for the work he's done, and we're very happy to have you here. And thank the other panelists.

Let me just ask you a very brief question, and this is for the entire panel. How would you feel about us adopting a strategy with Federal money for job training that effectively says this: we will create performance standards for you together with those performance standards, and we will liberate you from regulatory problems and limitations which we place on you. The bottom line effectively is this: States which exceed the performance norm, which do a better job of retraining and replacing workers, will get more Federal money and States that do a poorer job will get relatively less, but will still have to serve the same population. So we set the standard and say that someone who fits the criteria or has these problems is entitled to training, but Massachusetts does a job that is superior to everyone else in the country, then Massachusetts maybe gets 70 percent Federal money, 30 percent State money. And if another State, California for example, doesn't do as well, it would get 40 percent Federal money, 60 percent State money. How do people feel about that kind of incentive approach?

Mr. ROSS. Congressman, I think the notion again of consequence based on performance is critical, so I think that kind of approach has a real place in what we're talking.

I'd ask you to think about though one additional element.

Mr. ANDREWS. Okay.

Mr. ROSS. As an individual adult who realizes increasingly that in this new economy I have to take charge of my economic future. I can't depend on the old institutions to care for me. I don't want to be fully dependent on whether the bureaucracy in the State I happen to be in is a competent one or an incompetent one. So give me, too, a chance to have some choice, maybe even through that bureaucracy get me the resource so I can at least take my shot. Because getting skills in this new economy isn't a luxury, it's a new necessity. It's bread and butter. I'm going to live or die by it.

Mr. ANDREWS. Very well.

Mr. ROSS. So your principle is good and I'd like to add to it.

Ms. ANDERSON. If I could make a comment, I'd like to say that I like what you're saying. My concern would be if one is in a State, it happens to be a local area which I represent, a metropolitan area that does well but let's say the rest of the State didn't do well, we could be penalized when actually we were performing well. So I think that has to be taken into consideration in what you're suggesting.

Mr. ANDREWS. I understand. Yes.

Mr. CALDERONE. We, too, Congressman, would support an incentive program. I think that helps the system, it helps everyone be involved and do the best job they can.

Mr. ANDREWS. Thank you. I'm sure we'll do extremely well, right, Commissioner, in New Jersey?

Mr. CALDERONE. Yes, sir.

Secretary SMITH. Two comments, Congressman. One is that such system would need to be value added, it couldn't be who is doing really well and who is not doing well.

Mr. ANDREWS. Yes.

Secretary SMITH. Second preferential treatment of States has always been a difficult issue and the measurement problems begin to confound the confusion. That is, in many cases you don't have an adequate measurement system in order to really show who is doing well.

Mr. ANDREWS. I would just conclude by saying that we would invite—I would invite those who know a lot more about this than I do to submit suggestions as to how that evaluation system might be structured.

Thank you, Mr. Chairman.

Mr. McKEON. Thank you.

I really want to thank you for being here. We've had two days of hearings now. I haven't heard anyone saying that we should stick with the status quo. I appreciate the involvement of all of the members in the panel and we're going to run and vote. We'll be adjourned for this session. Thank you very much.

[Whereupon, at 12:26 p.m. the subcommittee was adjourned.]

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